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General

Further Reportage on Continuing Rio Summit

Li Peng Arrives

OW1106160192 Beijing XINHUA in English 1507 GMT 11 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—Chinese Premier Li Peng arrived here today to join other world leaders at the summit meeting of the United Nations Conference on Environment and Development (UNCED).

The summit meeting, due to begin Friday, will be the largest ever gathering of world leaders in the history of the United Nations, as more than 110 heads of state and government are expected to attend.

The UNCED, commonly known as the Earth Summit, started at the Rio Centro Convention Center, about 40 kilometers from downtown Rio de Janeiro, on June 3, with the participation of representatives from more than 170 countries.

According to a senior Chinese official, Li Peng will present "an extremely important speech" at the summit meeting.

China was active in the preparation for the UNCED. A Chinese Foreign Ministry official said at a press conference shortly before the conference began that China was ready to work with other countries for the success of the conference.

During his stay here, Premier Li is expected to meet leaders of some countries attending the summit.

Meets Brazilian President

OW1206022392 Beijing XINHUA in English 0157 GMT 12 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—Chinese Premier Li Peng met with Brazilian President Fernando Collor de Mello today at the Rio Centro.

The meeting took place soon after the Chinese premier arrived here for the United Nations Conference on Environment and Development (UNCED).

Collor, who is also president of the ongoing UNCED, or popularly known as the Earth Summit, expressed his welcome to the arrival of the Chinese premier.

The Chinese attendance at the UNCED is important for the success of the international gathering, the Brazilian president noted.

Expressing China's appreciation on the hosting nation's efforts to facilitate the UNCED, Premier Li said the ever largest meeting in the U.N. history would serve as a milestone in the environmental protection and development cause of mankind.

On Sino-Brazilian relations, the Chinese premier said China is satisfied with the fruitful cooperation in various areas since the establishment of diplomatic ties between the two countries.

The Chinese Government attaches great importance to developing relations with Brazil, and is willing to further its efforts toward an even better relationship, he said.

President Collor recalled his visit to China in 1987 in his capacity as a state governor and said he was impressed by the achievements by the Chinese people in constructing the nation.

It is Brazil's sincere hope, he said, to promote friendly and cooperative ties with China.

Li said Brazil, as the largest developing country in South America, has great potentials in economic growth and China wishes greater successes in Brazilian people's efforts to sustain economic development.

On behalf of Chinese President Yang Shangkun, Li invited Collor to visit China. And the Brazilian president pleasantly accepted the invitation, saying he would like to make the tour early next year.

On international relations, the Brazilian president said the end of the bipolar world has not yet brought peace and tranquility to the world as a whole.

Developing countries account for four fifths of the world's total population, therefore, he stressed, it is of great importance to strengthen the unity among developing countries and promote the south-south cooperation.

China's constructive role in the international affairs, he said, is indispensable.

Premier Li said China and Brazil share identical or similar views on many international issues, and China is willing to maintain close consultative and cooperative relations with Brazil in dealing with international affairs.

The two leaders voiced their belief that the South-South dialogue and cooperation should be further promoted.

At the end of the meeting, Premier Li presented as a gift a landscape painting in traditional Chinese style to the Brazilian president.

Signs Climate Change Treaty

OW1106220692 Beijing XINHUA in English 2104 GMT 11 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—Chinese Premier Li Peng signed the U.N. framework convention on climate change at the Rio Centro conference hall here today.

China became the 61st country to sign the document.

The treaty on climate change, a centerpiece of the ongoing United Nations Conference on Environment

and Development (UNCED) for controlling the emission of greenhouse gases to check global warming, was ready for signing last Thursday.

The Chinese premier arrived here this morning to attend the summit session of the UNCED, which is due to begin Friday.

Signs Biodiversity Treaty

OW1106221992 Beijing XINHUA in English 2149 GMT 11 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—Chinese Premier Li Peng put pen to a U.N. convention on biological diversity at the Rio Centro conference hall here today.

China is the 64th signatory to the document.

The biodiversity treaty, a centerpiece at the ongoing United Nations Conference on Environment and Development (UNCED) for protecting endangered plants and animals, was open for signature last Friday.

Li Peng arrived here this morning to attend the summit sessions of the UNCED.

Hopes for Positive Results

OW1206030992 Beijing XINHUA in English 0236 GMT 12 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—Chinese Premier Li Peng met with United Nations Secretary General Butrus Butrus Ghali here this evening and expressed China's hope for positive results from the ongoing Earth Summit.

Li said the Earth Summit, officially called the United Nations Conference on Environment and Development (UNCED), is conducive to promoting the global cause of environment protection and development and therefore an important event for the well-being of mankind.

China hopes that the conference will attain positive achievements and lay a good foundation for future international cooperation in this field, the Chinese premier said.

Ghali told Li that the conference has been going on smoothly so far and he believed that the summit meeting would be successful with concerted efforts of countries from all over the world, according to a Chinese Foreign Ministry official.

The U.N. chief said the convening of the conference would help increase the environment awareness of the international community, and the discussions on the problems in environment protection and development at the meeting would attract great attention from the world people on improving south-north relations.

Ghali thanked the Chinese Government and people for their contribution to world environment protection.

On international issues, Li Peng reiterated that China would seek no selfish benefit from the solution of the Cambodian problem.

China supported a comprehensive implementation of the Paris peace agreements, the Supreme National Committee of Cambodia under the leadership of Samdech Norodom Sihanouk, and the efforts made by the United Nations and the secretary-general for implementing the Paris accords, Li Peng said.

Ghali also briefed Li Peng on the situation in former Yugoslavia. The two leaders expressed their concerns over the situation there.

Li Peng arrived here earlier today to attend the summit session of the UNCED, which is scheduled to begin Friday.

Calls on UNCED Chief

OW1206033892 Beijing XINHUA in English 0253 GMT 12 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—Chinese Premier Li Peng called on Maurice Strong, secretary-general of the United Nations Conference on Environment and Development (UNCED), here today.

Li said Strong, an old friend of the Chinese people, had made tremendous contributions to the world cause of environment protection, and great efforts for the successful convening of the UNCED, commonly known as the Earth Summit.

The summit meeting is attracting heads of state or government from about 118 countries throughout the world, the ever largest gathering of world leaders in the human history.

Strong appreciated the good cooperation and support from China for the Earth Summit.

He said a success in the cause of world environment protection and development would be impossible without China's participation.

Li presented strong with a huge traditional Chinese painting of primeval forest, calling for love of the nature and protection of forests.

Strong said the painting was the most precious gift received at the UNCED so far.

Delegates Work To Resolve Issues

OW1106161092 Beijing XINHUA in English 1511 GMT 11 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—The Rio Centro, site of the ongoing United Nations Conference on Environment and Development (UNCED), woke up early this morning to receive world leaders from various parts of the world.

While some leaders have already arrived in this city for the UNCED, popularly known as the Earth Summit, more of the 116 heads of state or government are scheduled to come today and will appear at the Rio Centro.

Although the formal meeting of the leaders at a huge round table is still one day away, some of the 8,000 accredited reporters came here two or three hours earlier before the activation of the conference center, which usually begins at 10 o'clock.

They were seeking results of the negotiations last night by the UNCED main committee on the final touch of Agenda 21, the main document to be signed by the incoming world leaders during the last three days of the 12-day unced.

A U.N. official told XINHUA that the main committee finished its work at three o'clock this morning. And the result, according to TERRA VIVA, the indepedent daily newspaper of the Earth Summit, was a "sudden about-turn."

The TERRA VIVA story said 20 delegates from diverse regional and economic blocs have reached agreement after more than 15 hours of talks on "799 of the 800 pages" of Agenda 21, which covers a wide array of environment and development-related issues facing the world.

One of the most difficult part of the negotiations once was the financing of Agenda 21 to help developing nations' environmental cleanup and protection. But that has been resolved with an agreement on multi-sourced funds for the implementation of the document.

Bush: U.S. Prepared To Stand Alone

OW1106145192 Beijing XINHUA in English 1356 GMT 11 Jun 92

[Text] Washington, June 11 (XINHUA)—U.S. President George Bush said today the United States was prepared to stand alone in opposing the Biodiversity Treaty at the Rio Summit to protect the American taxpayer.

"If the United States has to be the only nation to stand against the Biodiversity Treaty as now drawn—so be it," Bush said in a prepared statement issued before his departure for the Environmental Summit in Rio de Janeiro this morning.

The United States has refused to sign the Biodiversity Treaty that aims to protect the world's plants, animals and natural resources.

It has accused the pact of lacking patent protections for U.S. environmental technologies.

The U.S. refusal has drawn sharp criticism from delegates at the 178-nation Earth Summit.

"America's record is second to none" on environmental protection, said Bush, defending the U.S. stand.

"No other nation has done more, more rapidly, to clean up the water, the air or preserve public lands," he said.

U.S. Government officials said the United States was spending 130 billion U.S. dollars or about 2 percent of its gross national product annually, cleaning up pollution.

Bush was scheduled to arrive in Rio late today.

While in Rio, Bush is likely to try to soothe the anti-U.S. criticism in one-on-one meetings with several world leaders including German Chancellor Helmut Kohl.

The German Government has been highly critical of the United States for watering down a treaty on global warming that will be signed at the summit.

"Environmental protection and a growing economy are inseparable," Bush said.

A strong U.S. economy is important not just for Americans, but for the rest of the world and for developing countries, he said.

En route to Rio, Bush will stop in Panama and hold luncheon talks with Panamanian President Guillermo Endara.

The two were to discuss plans for the turnover of U.S. military facilities which return under Panamanian control in 1999 under the terms of the 1977 Panama Canal treaties.

U.S. Offers Initiatives

OW1206053092 Beijing XINHUA in English 0416 GMT 12 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—The United States rushed to offer a number of initiatives here today in an obvious effort to win support before world leaders begin to meet Friday on environment and development issues.

William Reilly, head of the U.S. delegation to the Earth Summit, unveiled this afternoon a six-point U.S. plan on climate change issues and proposed the formation of an expert group to work on biological diversity.

The plan includes signing the U.N. Climate Change Convention by President George Bush during his stay here, quick submission of the document for approval by the U.S. Senate, and strict monitoring of carbon dioxide emissions from U.S. electric generating facilities.

The plan also calls for completion of a detailed national action plan by January 1 next year, maintaining a large budget commitment to climate-related scientific research, and providing 25 million dollars over next two years to developing countries to inventory their emissions of carbon dioxide and carry out energy demonstration projects.

However, although the official claimed that the plan, together with other measures, will bring down the U.S.

emissions 'in near term," it still lacks the specific target and timetable advocated by European nations for the stabilization of global carbon dioxide emissions.

Besides, the U.S. official also proposed a plan "to encourage immediate efforts" in the design and implementation of research on biological diversity.

It calls for the formation of a group of experts to promote international information exchange, evaluate and classify data gathered on endangered animals, plants and microbial species.

The U.S. initiatives were announced hours before President Bush arrives in this city. The U.S. refusal to sign the U.N. Biodiversity Treaty has been widely criticized here by environmentalists as a demonstration of the government's inaction in environment protection.

Furthermore, the U.S. position has isolated itself from all other major industrialized countries including Britain and Canada—the two frequent allies of the country.

OPEC Warns on EC Oil Tax

OW1206002992 Beijing XINHUA in English 2333 GMT 11 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—The Organization of Petroleum Exporting Countries (OPEC) has warned that if drastic measures are taken to cut fossil fuel consumption, such as the imposition of a tax, its members will defend themselves accordingly.

The independent daily of the Earth Summit, today's "TERRA VIVA" quoted OPEC Secretary-General Ali Subroto of Indonesia as saying, "we would have no option but to defend ourselves, our industries and our nations with all the Earth Summit came in response to European Community moves to encourage its members to support a tax on fuel consumption.

The Rio Conference is studying measures to curb fossil fuel consumption as one way to contain the greenhouse effect causing global warming.

Some European nations propose limiting carbon dioxide emissions by the year 2000 and laying a tax to discourage fossil fuel consumption.

Subroto also claimed that there is insufficient scientific evidence of carbon dioxide's role in global warming.

More Heads of State Arrive

OW1206020492 Beijing XINHUA in English 2342 GMT 11 Jun 92

[Text] Rio de Janeiro, June 11 (XINHUA)—The international airport in Rio de Janeiro has become one of the busiest air terminals in the world politically today when 31 heads of state or government are arriving for the Earth Summit.

These state or government leaders are coming from Angola, Algeria, Canada, Estonia, Nepal, Ukraine, Guatemala, Kiribati, Indonesia, Malaysia, Maldives, Swaziland, Cape Verde, Micronesia, Papua-New Guinea, China, South Korea, Kuwait, the United Kingdom, India, Zimbabwe, Romania, Uganda, Russia, Cyprus, Colombia, Bulgaria, the Central African Republic, Armenia, Argentina and the United States.

President George Bush of the United States, who will get here at 22:30, has caused great displeasure in the international community these days because of his negative attitude toward the U.N. Conference on Environment and Development. Many delegates, however, still cherish the hope that Bush may unexpectedly change his position and sign the Convention on Biodiversity.

The state or government leaders of Germany, Switzerland, Kenya, Namibia, Azerbaijan, Cook Islands, Latvia, Croatia, Ireland, Belize and Morocco arrived here yesterday.

Tomorrow will see the arrival of the highest authorities from Chile, Sweden, Belgium, Denmark, Norway, Portugal, Austria, Botswana, Honduras, japan, Nigeria, Mexico, Paraguay, Spain, Bolivia, Surinam, San Marino, Costa Rica, Finland, Uruguay, the Holy See and the United Nations.

The arrival of the leaders of other countries and regions is also expected anytime.

According to the Brazilian Foreign Ministry, a total of 116 state or government leaders will be present at the Earth Summit, the biggest in history.

In order to guarantee the leaders' security, Rio de Janeiro has become the world's most guarded city, particularly in the neighborhood of the conference headquarters.

All the way from downtown Rio to the conference center, people can see tanks posted at intersections, military vehicles loaded with machineguns and armed soldiers at strategic points.

The Earth Summit will start Friday with speeches to be delivered by 57 heads of state or government within seven minutes each.

Since June 3, delegates from 180 countries and regions have been discussing the most important issues of the agenda, which is focused on the financing and transference of technology for environmental projects. They failed to finish the discussion this morning.

Experts, Scholars Evaluate Global Role of UN

OW1206111192 Beijing XINHUA in English 1056 GMT 12 Jun 92

[Text] Beijing, June 12 (XINHUA)—Over 50 Chinese experts and scholars, who gathered here this week to attend a three-day symposium on the role of the United Nations, hope the world body will play a more active role

in solving global conflicts, promoting international cooperation and seeking common development.

The symposium, entitled "The U.N. and New World Order", was attended by Chinese diplomats who had worked in the organization, and scholars and experts on international relations.

They also expressed the hope that the United Nations would play a bigger role in seeking the establishment of a fair and rational new world order.

Huang Jiahua, a legal adviser to the Foreign Ministry and former deputy representative of China to the U.N., said that the world body, as the most important and most representative international organization on earth, is playing an increasingly significant role in modern day international relations.

In the wake of the change of world situation, the importance of the U.N. is increasing, and the call that "the world needs the United Nations" is becoming louder.

He said that it is the principal demand of the time and the major task of the U.N. to make the world body further play its role so that it can safeguard world peace and help protect the security of all countries and create a favorable international environment for the development of the world's people.

Fu Hao, member of the Standing Committee of the National People's Congress and former deputy minister of foreign affairs, said the world faces an historical challenge, and that is why the U.N. should serve world peace and contribute to world development.

As a permanent member of the Security Council of the U.N., Fu noted, China has an unshirkable responsibility. He said that the Chinese Government suggests the establishment of a new world order on the basis of the Five Principles of Peaceful Coexistence.

Li Luye, China's former permanent representative to the United Nations and now executive director of the China Research Center on International Issues, said that the great majority of countries in the world hope the U.N. will play its role in establishing a new world order.

Crucial to setting up such an order, Li pointed out, is to see that the world powers adhere to the spirit of the U.N. Charter, stick to its principles, perform their duty and respect the rights and interests of the majority of the countries.

These powers should never try to turn the United Nations into their tool for power politics, he said.

Experts at the symposium emphasized that a challenge now facing the U.N. is whether the new world order is built on the basis of the position of strength of big powers or on the basis of the principles as expounded in the U.N. Charter which calls for equality of all sovereign states.

Zhou Jirong, a research fellow at the China Research Institute on Contemporary International Relations, said that despite its coordination efforts in economic area in the past, the world body has no glittering record in coordinating global development. The two serious issues concerning global development, the widening gap between the poor in the south and the rich in the north and the deterioration of global ecology, should catch the attention of the U.N., he cautioned.

Professor Sun Chenggu, from the Beijing Institute of Foreign Affairs, said the two problems now facing the world's people—lasting peace and common development—are still unsolved.

Other experts speaking at the symposium stressed that under one of the principles in the U.N. Charter, domestic affairs of a country should not be interfered with by other countries, and so Western values and ideology should not be forcibly imposed.

The symposium was sponsored by the China Institute of the History of International Relations and the Beijing Institute of Languages.

Papers delivered at it touched on such subjects as the U.N. and international cooperation, relations between China and the U.N., the function of the U.N. and its operational mechanisms, and the economic activities of the U.N.

Article on U.S.-Israeli 'Refugee' Dispute

HK1106125592 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 22, 1 Jun 92 p 25

["International Commentary" by Zhou Zexin (0719 0463 9515) and Ni Yunfang (0242 5366 5364): "Comment, Analysis on Dispute Between United States, Israel Over 'Refugees' Right To Return to Their Homeland""]

[Text] The United States' recent statements on its support for Palestinians returning to their homeland has evoked a strong reaction in Israel. This is another political dispute following that over the loan-guarantee at the beginning of this year.

The cause of the dispute was a statement issued by U.S. State Department Spokeswoman Margaret Tutwiler on 20 May which reaffirmed that "since the adoption in December 1948 of Resolution 194 by the UN General Assembly, the United States has always supported the resolution and will continue to do so."

The resolution was adopted in December after the United Nations examined the situation in which Palestinians were expelled in the millions from their homeland. The resolution states: "Refugees who voluntarily return to their home towns and live in harmony with their neighbors should be allowed to do so at an early date; compensation for their property will be given to those who are unwilling to return."

The moment Tutwiler's statement was issued, almost all newspapers in Israel, both government and opposition, rallied together to attack it. Labor Party Chairman Rabin criticized the U.S. statement as "inconceivable." Netanyahu, former vice foreign minister and currently working in the Prime Minister's Office, said that UN Resolution 194 has long been "out-of-date" and that the United States' position would "encourage the Arabs to cherish impractical illusions and thus complicate the Middle East peace process." Prime Minister Shamir said with curt finality that the return of the Palestinians to Israel "will never happen in any form whatsoever." The prime minister's spokesman even said that the UN resolution "attempted to wipe out the State of Israel" and demanded that the United States openly clarify the matter.

Under powerful Israeli pressure, the United States had to give an explanation for its statement. Although the United States did not withdrawn the promise to support Resolution 194 in its follow-up statement, it modified its remarks and said that like other issues raised in UN resolutions, the issue raised in this resolution "can be settled only through direct talks between the parties concerned." Meanwhile, the United States also stated that the foundation for the Middle East peace process is Security Council Resolution 242 and Resolution 338 and the United States has never regarded Resolution 194 as the foundation on which U.S.-sponsored Arab-Israeli peace talks were based. Israel was satisfied with this statement. Hence, tension between the two countries has gradually eased.

The background of the current U.S. statement on support for Resolution 194, which was a sensitive issue, is not yet quite clear. Nevertheless, people noted that it was precisely on the eve of the refugee group meeting in Ottawa of the Middle East multilateral talks that the United States issued the statement. Because the United States agreed to the Palestinians' demands and persisted in allowing Palestinians outside the occupied territories to participate in the discussion meetings of the refugee group and the Middle East regional economic development group, Israel announced that it would boycott the two meetings. As the initiator of the meetings, the United States had repeatedly expressed hopes that Israel would attend the meetings but the latter did not consider this for fear that sitting together with Palestinians outside the occupied territories would possibly lead to legalization of the Palestinians' "right to return to their homeland." This is precisely what Israel wants to avoid with every ounce of its energy. Therefore, U.S. Secretary of State Baker appealed directly to Shamir to change his position and send people to attend the meetings. However, Israel did not buy the idea. Finally, the two meetings were held in the absence of Israel. This being the case, many people believed that the United States was extremely annoyed at Israel's rigid attitude. At the refugee group meeting, the United States showed humanitarian sympathy with the Palestinian refugees to justify its "unbiased" position toward the Arab nations and Israel and at the same time to express its grievances against Israel and use the opportunity to put pressure on it.

Observers here do not believe that the U.S. reaffirmation of support for Resolution 194 was a real advocacy of allowing Palestinian refugees to return to Israel. Aside from the its intentions discussed above, the United States also intended to seek ways for the international community to fund and compensate the refugees using the platform of international forums. Moreover, the U.S. attitude toward the issue of Palestinians returning to their homeland is not so consistent as it currently stated. In November 1974, when the Arab nations demanded that the United Nations put a draft resolution on the refugee issue to a vote, the United States voted against it on the grounds that the draft resolution reaffirmed "the Palestinians' inalienable right to return to their homeland." The fact that during the refugee group meeting in Ottawa, a U.S. official asked the Palestinian representatives not to raise the "right to return" issue to avoid irritating Israel also shows something in this regard.

The United States clarified its position on "the right to return" later on. This shows that the United States was not willing to strain its relations with Israel too much, especially after Israel threatened to make U.S.-Israeli relations a topic in the presidential elections. Jewish associations in the United States have considerable power and influence. Of the more than 6 million American Jews, 4.3 million have the right to vote. Ninety percent of them live in states which have a major impact on elections. Moreover, the turnout rate among them is very high. Therefore, the Jewish voting tendency is naturally an important question. Of course, President Bush is unwilling to offend these voters just on the issue of Palestinian rights to return to their homeland and let this issue lose him votes.

The core of the Arab-Israeli dispute is the Palestinian question. The Palestinians' return to their homeland, which is part and parcel of Palestinian self-determination, should be settled fairly and reasonably. These days, Arab nations and the PLO have adopted relatively pragmatic policies toward Israel. They demand that Israel withdraw its troops, in accordance with Security Council Resolution 242 and Resolution 338, from the West Bank of the Jordan River and the occupied Gaza Strip and restore Palestinian rights to self-determination and the right to establish a Palestinian state. At the recent refugee group meeting in Ottawa, Palestinian representative (Salim Tamari) [sa li mu. da ma li 5646 6849 1191. 1044 7456 6849) stated that the Palestinians differentiate the "State of Palestine" (confined to the occupied territories in the West Bank and the Gaza Strip) from all "Palestinian lands." The Palestinians demand the right to return to the "State of Palestine" and not to Israel, their former native place. They agreed to fix the number of people returning to their homeland at the peace talks. Apparently, Israel's worries are unjustified.

The current U.S.-Israeli dispute is not one that is happening for the first time. Dispute-appeasement-relaxation has become a "pattern" of development in U.S.-Israeli relations over the years. On 21 May, Netanyahu remarked: "Israeli-U.S. relations will not be disturbed because of quarreling. Nevertheless, Arab nations hoped that the United States would genuinely uphold justice and push the Middle East peace process ahead rather than yielding to Israeli pressure and retreating.

United States & Canada

U.S. Firm Agrees With Inspection Results

OW1106223292 Beijing XINHUA Domestic Service in Chinese 0850 GMT 11 June 92

[By XINHUA reporter Li Yafei (2621 0068 7236)]

[Text] Beijing, 11 June (XINHUA)—In early April, an American cotton company received the following telex message from our country's China Textiles and Cotton Export and Import Company: The results of a commodity inspection indicate the rather poor quality of this shipment of goods. We hope that you will come and examine the goods so that we can solve the problem of compensation.

Earlier this year, the China Textiles and Cotton Export and Import Company placed an order with the American cotton company for 3,600 tonnes of cotton worth $5.496 million, to be delivered in installments. The first and second shipments—totaling 560 tonnes and 2,200 tonnes, respectively—were delivered successively toward the end of March. An inspection by the Beijing Export and Import Commodity Inspection Bureau revealed a 4.3-percent shortage of weight in the first shipment and a shortfall ranging from a half to two and a half grades from contract specifications in 73 percent of the shipment. The downgrading was mainly caused by a large amount of impurities in the cotton and by poor ginning. The Chinese company promptly notified the buyer of the inspection results. Upon receiving the telex message, the American company expressed doubts about the inspection results and immediately sent its vice president and its Hong Kong regional manager to Beijing to examine the goods.

The American businessmen arrived in the Beijing Export and Import Commodity Inspection Bureau on 13 April. They entered the cotton grading room and were satisfied by their finding that the room's lighting, temperature, humidity, and wall brightness were all up to the standards set by the U.S. Materials Association. They initially acknowledged that the goods were defective and inconsistent with contract specifications after conducting a spotcheck and review of the cotton samples that Chinese commodity inspectors had found to fall short of U.S. cotton material standards by a measure ranging from a half to two [as received] grades.

Afterward, the American businessmen went to the warehouse of the No. 2 Beijing Cotton Mill where the cotton was stored. After confirming the goods as those of their company, they demanded to weigh 100 bales of cotton to verify the shortage. They stopped weighing after the 35th bale, having found that the actual weight of the cotton was smaller by 12 kg than the average 240 kg per bale as specified in the contract. The inspection bureau then suggested that the American businessmen verify the quality and weight of the second cotton shipment, which was being inspected at the time. The preliminary inspection results of the second shipment obtained by our side were similar to those of the first. Thereupon the American businessmen said: "There is no need to verify the second shipment. We fully trust the findings of Chinese commodity inspectors." In the end, they fully confirmed the inspection results, apologized to the China Textiles and Cotton Export and Import Company, and agreed to provide compensation.

Correction to Article on U.S. Hong Kong Act

HK1206025192

The following correction pertains to the item headlined "Article Says U.S. Hong Kong Act Interference," published on pages 7 and 8 of the 11 June China DAILY REPORT:

Page 7, column two, second full paragraph, third sentence make read ...will gain adequate autonomy after 1997 and... (changing "freedom" to "autonomy");

page 8, third full paragraph, last sentence make read ...will take a longer view, value the overall situation of Sino-U.S. relations and Hong Kong's prosperity and stability, and make a prudent [shen zhong 1957... (rewording).

Central Eurasia

Editorial Hails Diplomatic Ties With Georgia

HK1106105092 Beijing RENMIN RIBAO in Chinese 10 Jun 92 p 1

[Editorial: "Congratulating Establishment of Diplomatic Relations Between China and Georgia"]

[Text] The representatives of the PRC Government and the government of the Republic of Georgia signed a communique on the establishment of diplomatic ties on 9 June, announcing the establishment of ambassadorial level diplomatic ties between the two countries commencing that very day. We extend our warm congratulations on the occasion, which is a great event in the history of relations between China and Georgia.

Georgia, a republic of the former Soviet Union, declared independence on 9 April last year. In international contacts, China has always respected the choices made by the people of all countries. Proceeding from this stand, the Chinese

Government officially announced its recognition of the Republic of Georgia on 27 December 1991.

As always, China is willing to establish and develop relations will all countries based on the five principles of mutual respect for sovereignty and territorial integrity, nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. The government of the Republic of Georgia recognizes that the PRC Government is the sole legal government of China and that Taiwan is an inseparable part of Chinese territory. The government of the Republic of Georgia affirms that it will not establish any form of official relations with Taiwan. We appreciate this stand taken by the government of the Republic of Georgia.

The peoples of China and Georgia share traditional friendship and fine relations of cooperation. We believe that the relations of friendship and cooperation between the two sides will further develop following the establishment of diplomatic relations between China and Georgia.

Northeast Asia

Nation Urges Japan To Scrap COCOM Curbs

OW1106132892 Tokyo KYODO in English
1250 GMT 11 Jun 92

[Text] Beijing, June 11 KYODO—China called on Japan on Thursday to scrap curbs on high technology transfers under the rules of the Coordinating Committee for Export Control (COCOM), describing the Paris-based export control watchdog as old-fashioned.

Li Lanqing, Chinese minister of foreign economic relations and trade, made the request during a meeting with economic editors of seven Japanese media companies.

Li was quoted as saying he is optimistic about economic relations with Japan, since both countries are enthusiastic about expanding them.

But the Chinese minister said the COCOM regulations, which block China for importing high technology and state-of-art facilities from Japan, are out of date.

The United States and 14 other COCOM member nations have eased regulations on military technology exports to Poland, Czechoslovakia, and the three Baltic republics in the wake of the end of the Cold War.

But the COCOM nations still impose curbs on exports to China in nine categories.

Touching on China's economic policies, Li said the market-opening measures will be maintained and nobody can close the doors to the nation of 1.1 billion people.

In Tokyo, an official at the Ministry of International Trade and Industry ruled out any possibility of Japan lifting its COCOM regulations regarding China.

The ministry said China's communist system has not changed at all, despite its economic reforms.

Li Lanqing Links Trade With Seoul, Normalization

OW1106152292 Tokyo KYODO in English
1453 GMT 11 Jun 92

[Text] Beijing, June 11 KYODO—China's Minister of Foreign Economic Relations and Trade Li Lanqing implied Thursday that expansion of trade with South Korea would pave the way for the future establishment of diplomatic relations.

Li told a Japanese mass media delegation, "As China did with Japan before, the accumulation of economic and trade relations could reach to a political change."

He made the remark in a meeting with the delegation consisting of economic news editors from seven leading news organizations.

Li cited the fact that Japan and China had expanded bilateral trade by setting up trade offices with each other. He said expansion eventually brought about the normalization of China-Japan relations.

Political sources said the statement was the first positive remark by a high-level Chinese official suggesting a future establishment of diplomatic ties with South Korea.

China has so far been prudent in its diplomatic relations with South Korea to avoid embarrassing its longtime communist ally, North Korea.

Aided by China's open-door policy, however, trade between the two nations has expanded rapidly in recent years, increasing to 5.8 billion dollars in 1991 from 3.8 billion dollars in 1990.

A new bilateral trade agreement that the two countries signed last February provided for mutual exchange of most-favored-nation trade status. The move is expected to boost the nations' trade figures to 10 billion dollars this year, diplomatic sources said.

South Korean investments in China are also likely to increase to 500-600 million dollars this year from some 170 million dollars last year, the sources said.

The Beijing office of the Korea Trade Promotion Corp. serves as a de facto diplomatic mission for South Korea, which does not have formal diplomatic relations with China.

South Korea, in efforts to normalize bilateral relations, sent Foreign Minister Yi Sang-ok to Beijing in April. While there, the foreign minister agreed with Premier Li Peng to increase exchanges of officials, including government leaders.

Last month, the "Republic of Korea Products Fair," was held in Beijing, marking the first event in China to use South Korea's official name.

Article Views Sino-South Korean Trade Ties

HK1106154092 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 22, 1 Jun 92 p 29

[Article by Huang Haixia (7806 3189 7209): "South Korea's First Commodities Fair in Beijing"]

[Text] From 12 to 16 May, the Korea Trade Promotion Corporation [KTPC] successfully held the "Republic of Korea Commodities Exhibition" in Beijing's China International Exhibition Center. That was the first official exhibition held in China by Korea.

When visiting the commodities exhibition, Mr. Zheng Hongye, chairman of the China International Chamber of Commerce [CICC], said that in May and September, the CICC will solely hold an exhibition and participate in an international exposition in Seoul and that the "PRC Commodities Exhibition" held solely by the CICC in Seoul will also be the first time.

Good Results in Economic and Trade Exchanges

In addition to 12 large diversified corporations including Samsung, Hyundai, Lucky-Goldstar, and Daewoo, the main body of corporations participating in the exhibition were 25 medium-sized and small enterprises interested in the China market and the Culture and Pencil [wen hua qian bi 2429 0553 6884 4581] Corporation which has invested and set up factories in China. Exhibits included a variety of products such as electronic and electrical products, automobiles, machinery, textile fibers, clothing, and food.

The KTPC director, relevant delegations, the China Market Investigation Delegation, which consists of representatives of medium-sized and small enterprises, and some 200 Korean economic and trade figures came to Beijing especially to participate in the commodities exhibition. After the commodities exhibition, they will conduct in-depth investigations into the China market, which is getting brisker and brisker daily, in hope of promoting the further development of their economic and trade relations with China.

Speaking on the purpose of the exhibition, a representative of the KTPC trade office in Beijing told this reporter: "We began preparing for the exhibition in the second half of last year. We hope the exhibition will promote economic and trade exchanges and cooperation between both sides, enhance the popularity of Korean commodities in China, meet the needs of the China market during its reform and opening up, increase investment in China, and increase import and export opportunities. At the same time, we hope that through the exhibition, both sides will develop their friendly relations further. The five-day exhibition has come to a satisfactory end now and we feel very satisfied because we have achieved the desired purpose."

The exhibition attracted over 43,000 Chinese visitors, many of whom were delegations from other provinces paying a special visit to the exhibition in Beijing. A visitor who came from Shandong Province's Longkou city told this reporter: "In the past, we had very little understanding of Korea. Still less did we know of the probability of cooperation by small cities and small enterprises like us with them. This time, our vice mayor headed a delegation to the exhibition and we have found it very rewarding. We will not let any possible cooperation opportunity slip by."

Relevant KTPC personnel said that many Korean exhibitors did not have a very good understanding of China, so it turned out that the transaction volume was lower than that for previous exhibitions held in other countries. Despite this, the agreed trade volume at the exhibition this time already exceeded $100 million and the contracted transaction volume exceeded $10 million. Exhibitors generally maintain that China is a vast country with abundant resources and products and that future cooperation is very promising. Relevant people from Korea's financial and trade circles also said that they wish to participate in the several other international exhibitions to be held in Beijing later this year if possible and to visit those being held in Shanghai, Guangzhou, and other places next year.

Rapid Development in Bilateral Economic and Trade Exchanges

Economic and trade exchanges have been developing rapidly since the CICC and the KTPC set up representative organizations in Seoul and Beijing and signed trade agreements in early 1991. According to statistics by relevant Korean quarters, bilateral trade reached $5.8 billion last year or an increase of 52 percent on the previous year, setting a new record. Personnel exchanges have also been developing rapidly. Last year, both sides exchanged over 80,000 personnel. It is expected that trade volume will reach $10 billion this year.

In December 1991, relevant Chinese and South Korean quarters signed trade agreements which granted most-favored-nation status to each other on the basis of equality and mutual benefit. Differential duties were canceled, thus promoting economic and trade exchanges and development. In the meantime, there has been considerable progress in the variety of commodities and the content of trade. At present, the main products Korean firms export to China include textile fibers, machinery, and electronic and chemical products, while those China exports to South Korea include foodstuffs, coal, oil, chemical products, steel products, nonferrous metal, and textile products.

Since the trade agreements and investment protection agreements were signed this year, their various economic cooperation activities have stepped onto a legal track.

At present, China is Korea's fourth largest trading partner after the United States, Japan, and Germany. China has become the third most popular country for Korean overseas investment.

At present, a dozen or so Korean corporations, such as Samsung, Hyundai, and Daewoo, already have branch companies in Beijing. Some of these corporations have set up business organizations in Shanghai, Dalian, and Qingdao as well. Moreover, China's import and export companies, such as chemical, coal, and textile companies, also have offices in Seoul.

As of the end of last year, 185 Korean corporations had been allowed to invest in China, of which 110 had officially invested with an average investment of approximately $850,000. They have shifted their investment from Shandong, the three northeastern provinces, and the coastal areas in the southeast to other inland provinces of China.

Further Reportage on Yang Baibing's DPRK Visit

Feted by Kim Chong-il

OW1106214192 Beijing XINHUA Domestic Service in Chinese 0359 GMT 11 June 92

[By reporter Gao Haorong (7559 3185 2837)]

[Text] Pyongyang, 10 June (XINHUA)—Marshal Kim Chong-il, member of the Standing Committee of the Politburo of the Korean Workers' Party [KWP] Central Committee, secretary of the KWP Central Committee, and supreme commander of the Korean People's Army, hosted a banquet here this evening for General Yang Baibing, member of the Secretariat of the CPC Central Committee, secretary general of the Central Military Commission, and director of the General Political Department of the People's Liberation Army, and his entourage. The latter were on a visit to Korea.

At the banquet, Kim Chong-il warmly welcomed Yang Baibing on his visit to Korea, expressing the hope that the parties, peoples, and armies of Korea and China would further strengthen and develop their friendship.

Yang Baibing thanked his Korean comrades for their warm hospitality. He said that his visit to Korea had left a happy and memorable impression upon him. He indicated his intention of working hard to further strengthen and develop the friendship between the Chinese and Korean peoples and armies.

Attending today's banquet were Marshal O Chin-u, member of the Standing Committee of the Politburo of the KWP Central Committee and minister of the People's Armed Forces; Yon Hyong-muk, member of the Politburo of the KWP Central Committee and premier of the State Administration Council; Kye Ung-tae and Kim Yong-sun, members of the Secretariat of the KWP Central Committee; and Chinese Ambassador to Korea Zheng Yi.

Ends Visit, Departs 11 Jun

OW1106124492 Beijing XINHUA in English 1231 GMT 11 Jun 92

[Text] Pyongyang, June 11 (XINHUA)—Secretary General of the Military Commission of the Communist Party of China (CPC) Yang Baibing today wound up an eight-day goodwill visit to the Democratic People's Republic of Korea (DPRK).

During the visit, Yang and his delegation were warmly received by DPRK President Kim Il-song and Supreme Commander of the Korean People's Army Kim Chong-il.

On Tuesday, Yang, who is also a member of the Secretariat of the CPC Central Committee and director of the General Political Department of the Chinese People's Liberation Army, was awarded an Order of the National Flag First Class by the DPRK Government.

Yang and his delegation arrived here on June 4.

DPRK Reacts to Resumption of 'Team Spirit'

HK1106152292 Beijing RENMIN RIBAO in Chinese 4 Jun 92 p 6

["Dispatch" by reporter Zhou Bizhong (0719 1801 1813): "DPRK Organ Issues Communique Opposing Resumption of U.S.-South Korean Military Exercises"]

[Text] Pyongyang, 3 Jun—A communique was issued by the secretariat of the Commission on the Peaceful Reunification of the Motherland of Korea asserting its opposition to the resumption of "Team Spirit" joint military exercises by the United States and South Korea.

According to a Korean Central News Agency report, the communique states: After the recent formal annoucement by the commander of U.S. troops in South Korea about preparations for the resumption of the "Team Spirit" joint military exercises next year, the South Korean premier convened a "high level strategic meeting on North-South relations" which decided to "study" the question of resuming the "Team Spirit" joint military exercise.

The communique went on: It was precisely the suspension of this war exercise this year which made possible the North-South letter of agreement and the joint declaration for a nuclear-free Korea. The resumption of the "Team Spirit" joint military exercise today is contrary to this excellent development.

Jilin Friendship Delegation Begins DPRK Trip

SK1106075492 Changchun JILIN RIBAO in Chinese 11 Apr 92 p 1

[Text] At the invitation of the North Hamgyong Province in the DPRK, the seven-member friendship delegation of Jilin Province, headed by Huo Mingguang, chairman of the Jilin Provincial People's Congress

Standing Committee, left Changchun for the DPRK on the evening of 10 April for a friendly visit.

Seeing the delegation off at the railway station were Ren Junjie, vice chairman and concurrently secretary general of the provincial People's Congress Standing Committee; Liu Xilin, vice governor of the province; Shang Zhenling, secretary general of the provincial party committee; Guo Shaokun, deputy director of the provincial foreign affairs office; and responsible persons of departments concerned.

Tianjin Leader Meets With Mongolian Delegation

SK1106075892 Tianjin TIANJIN RIBAO in Chinese 17 Apr 92 p 4

[Text] Vice Mayor Li Huifen cordially met with a Mongolian delegation led by Sangdeerhan, first deputy director of the Communications and Transportation Bureau of Mongolia, at Lishunde Hotel yesterday evening in Tianjin. Li and the delegation held friendly talks on the establishment of the CMH Ocean Shipping Co, Ltd. which will be jointly financed by three parties, namely the Tianjin Steamship Integrated Co. Ltd., the Tuxin Company of Mongolia, and the Heikang Company of Hong Kong.

The establishment of the CMH Ocean Shipping Co. Ltd. will play an active role in promoting shipping development on the Europe-Asia Continental Bridge.

Southeast Asia & Pacific

Sihanouk Departs for Tokyo Forum Via Beijing

OW1206061392 Beijing XINHUA in English 0527 GMT 12 Jun 92

[Text] Phnom Penh, June 12 (XINHUA)—Samdech Norodom Sihanouk, Cambodian head of state, left here today for Tokyo, via Beijing, to attend a ministerial conference on Cambodia's reconstruction scheduled for June 22.

Local news media say the original date for the conference was set last March during a preparatory meeting of officials from 32 countries, the European Community and eight international organizations.

It was agreed then that the conference should be co-chaired by Japan and the United Nations Development Program.

Informed sources said Sihanouk, who is president of the Supreme National Council (SNC), would go to the preparatory meeting for the conference from Beijing on June 19 or 20.

The four parties of Cambodia would send representatives to join in the conference a few days later, said Ieng Mouli, SNC member from the Khmer People's National Liberation Front.

The purpose of the conference is believed to be the formation of an inter-government committee for Cambodian reconstruction. And the price tag for pre-election reconstruction has been put at 600 million to 800 million U.S. dollars.

Among those who saw off Sihanouk at Phnom Penh airport were the special representative of the U.N. Secretary-General, Yashshi Akashi, representatives of the five permanent members of the U.N. Security Council to the SNC, and officials from the four parties of Cambodia.

Arrival Noted

OW1206094792 Beijing XINHUA in English 0939 GMT 12 Jun 92

[Text] Beijing, June 12 (XINHUA)—Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council (SNC) of Cambodia, and his wife Monique arrived here by special plane today.

Chinese Vice Foreign Minister Yang Fuchang and diplomatic envoys and diplomats of Cambodia and some other countries to China greeted Sihanouk at the airport.

'News Analysis' on Australian Economic Recovery

OW1206113092 Beijing XINHUA in English 1106 GMT 12 Jun 92

["News analysis" by Chen Xin: "Australia's Economic Recovery Lacks Momentum"]

[Text] Canberra, June 12 (XINHUA)—Australia's economy is still lingering in a weak state despite some upbeat signs of modest recovery in the past three quarters.

Half a year has passed since Paul Keating came to power last December. Yet his major efforts have added only a little momentum to the national economy, which has been bogged down in the recession since mid-1990.

Latest official statistics showed that the country's gross domestic product (GDP) has climbed out of the bottom for the past three quarters after a minus growth during 1990-91, with the GDP of the March quarter increasing by 0.6 percentage points to 64.762 billion Australian dollars (48.9 billion U.S. dollars).

However, the country has witnessed the second worst unemployment among countries of the Organization for Economic Cooperation and Development (OECD). The jobless rate in May hit the post-war record of 10.6 percent, an increase of 1.2 percentage points compared to 9.4 percent a year ago.

Insufficient business investment has contributed largely to the weakness of Australia's economic recovery, which can be seen in the low industrial productivity and sluggish market demand, business analysts here said.

It is reported that the industrial output in the March quarter showed an 1.1 percent upturn after two years'

slump. But the country's productivity is estimated to be 10 percent lower than the average level of the OECD countries.

Meanwhile, demand for commercial credits has kept falling since early 1989. For the 10 months to this April, fixed loans provided by banking institutions only totalled 16.6 billion U.S. dollars in comparison with 35.2 billion U.S. dollars during the 1989-90 fiscal year.

Such a situation has undoubtedly led to shrinking in overall capital construction and industrial production scales, which have resulted in less job opportunities, analysts said.

Prime Minister Keating has taken the point seriously. In his "one nation" statement in February, he targeted the boosting of consumer confidence and business investment as one of the government's major concerns.

To counter the economic ills, the federal government had to adopt a deficit policy with a larger-than-ever budget in red to stimulate economic growth.

After a decade in budget surplus, the Keating government has projected a 7.02 billion U.S. dollar deficit for the 1991-92 fiscal year last month, after revising the original 3.55 billion U.S. dollars in red to 5.134 billion U.S. dollars in red in the one nation statement.

The Federal Reserve Bank, the Central Bank, has also loosened its monetary policy in a bid to promote consumption and investment. Interest rate for cash has been lowered to 6.5 percent after 12 percent drops since the beginning of the recession, when it was as high as 17.5 percent.

Such measures have made some positive impact on the leading index of economy. Statistics showed that housing sales in April this year registered a 16 percent increase over the corresponding month last year.

Meanwhile, retail sales during the March quarter rose by 4.6 percent against the same period last year, while the consumer price index was only 1.7 percent higher.

A government economic forecasting group said that the GDP this fiscal year is expected to be just over two percent, reinforcing the signs of a lukewarm recovery.

However, economists have pointed out that only an over 3.5 percent growth in GDP can bring the Australians enough job opportunities. This has undoubtedly thrown a shadow over the Keating government's voter confidence, as the general elections of Australia will come next March.

Near East & South Asia

NPC Vice Chairman Meets Bangladesh Visitor

OW1206050492 Beijing XINHUA in English 0237 GMT 12 Jun 92

[Text] Beijing, June 12 (XINHUA)—Sun Qimeng, Vice-Chairman of China's National People's Congress (NPC) Standing Committee, met with Enayetullah Khan, former Bangladesh ambassador to China and editor-in-chief of the HOLIDAY WEEKLY, at the Great Hall of the People here today.

They had a friendly conversation during the meeting.

Enayetullah Khan arrived here Wednesday as guest of the Chinese People's Institute of Foreign Affairs.

Nation's 1st Envoy to Israel Presents Credentials

OW1106142392 Beijing XINHUA in English 1356 GMT 11 Jun 92

[Text] Jerusalem, June 11 (XINHUA)—China's first ambassador extraordinary and plenipotentiary to Israel Lin Zhen today presented his credentials to Israeli President Hayim Herzog.

China and Israel established diplomatic relations in January this year.

West Europe

Finnish Acting President Meets Tian Jiyun

OW1206044592 Beijing XINHUA in English 0225 GMT 12 Jun 92

[Text] Helsinki, June 12 (XINHUA)—Finnish Acting President and Prime Minister Esko Aho met visiting Chinese Vice Premier Tian Jiyun today, an occasion that highlighted the importance of the development of Finland's relations with China.

Aho said Finland's economy was currently in recession and the country needed to seek new trading partners. China was a tremendous market with great potential, and Finland could offer it goods and techniques.

Tian said the Chinese people and the Finnish people enjoyed a deep friendship and had a common interest in maintaining world peace and promoting the prosperity of their economies.

China and Finland had their individual strengths and their economies were complementary. Great potential existed for cooperation in the economic, trade and scientific fields.

Tian said he hoped that the Finnish Government would support its businesses in investing in China.

Earlier today, Tian met the speaker of the Finnish parliament, Ilkka Suominen, and discussed bilateral cooperation.

Li Peng To Stop in Finland After Rio Summit

OW1206065492 Beijing XINHUA in English 0632 GMT 12 Jun 92

[Text] Beijing, June 12 (XINHUA)—Chinese Premier Li Peng and his party will come back to China from Rio de Janeiro with a stopover in Finland from June 16 to 17 after attending the summit segment of the United Nations Conference on Environment and Development, a spokesman for the Chinese Foreign Ministry announced here today.

'Experts' Attend Forum on Sino-German Relations

OW1106161792 Beijing XINHUA in English 1324 GMT 11 Jun 92

[Text] Beijing, June 11 (XINHUA)—Chinese and German experts agree that relations between China and Germany have shown unprecedented development in the past 20 years.

They arrived at this conclusion today during a forum on Sino- German relations held at the German Embassy here.

The German Ambassador to China, Hannspeter Hellbeck, who will soon complete his term in Beijing, called the meeting to mark 20 years of the diplomatic ties between the two countries.

Speaking at the forum attended by more than 100 Chinese and German experts, the ambassador said that economic and trade relations between Germany and China have enjoyed great progress in the past two decades.

The volume of trade has reached about 15 billion German Marks, soft loans granted to China totalled 1.5 billion German Marks and there are more than 100 joint-venture enterprises in China.

The ambassador expressed the belief that the bilateral ties will experience long-standing development and expansion.

The exchanges between the two sides in the fields of science, art and literature have helped mutual understanding, he said.

Addressing the meeting, Zheng Bijian, vice-president of the Chinese Academy of Social Science, said that Germany is now China's largest trade partner in Europe and also one of the important sources of China's technology. Meanwhile, China is Germany's second largest trade partner in Asia.

"We have noticed that more and more Germans including those in economic and political circles support the improvement of German relations with China," Zheng said.

He stressed that all these factors will doubtlessly provide favorable conditions for further development of the bilateral relations.

Zheng said that the progress of China and Germany as well as the development of the bilateral relations will have an important impact on the Asian-Pacific region, Europe and the world as a whole in the 1990s and the next century.

Michael Kahn-Ackermann, president of the Beijing School of Goethe Institute of Germany, said that the cultural exchanges between Germany and China are now conducted in a practical manner, which enables both sides to attain a correct understanding of each other's culture without being affected by ideology.

Wang Shu, president of the Sino-German Friendship Association, said that Sino-German relations had passed their infancy and were now entering their "active" and "enthusiastic" youth.

East Europe

Nation To Accord With Sanctions Against FRY

HK1206023892 Beijing CHINA DAILY in English 12 Jun 92 p 1

[By staff reporter: "Sanction Imposed Despite Abstention"]

[Excerpt] China will act in accordance with relevant UN Security Council resolutions to impose sanctions against the Federal Republic of Yugoslavia, said a Chinese Foreign Ministry spokesman yesterday in Beijing.

Wu Jianmin made the remarks while answering a question at the ministry's weekly news briefing.

The UN Security Council on May 30 adopted a resolution to impose economic and diplomatic sanctions against Serbia and Montenegro. China abstained from the vote. [passage omitted]

Bosnia-Hercegovina's Serbs Accept UN Resolution

OW1206052992 Beijing XINHUA in English 0249 GMT 12 Jun 92

[Text] Belgrade, June 11 (XINHUA)—Radovan Karadzic, chairman of the Serbian Republic presidency in Bosnia-Hercegovina, said today his republic will accept U.N. Security Council Resolution 758, handing over the control of the Sarajevo airport to U.N. peacekeeping troops unconditionally.

Karadzic made the remarks in a letter to U.N. Secretary General Butrus Butrus Ghali, a TANJUG report said.

He accused the Moslems of launching frequent attacks on the Serbian forces to prevent the U.N. peace-keepers from being stationed in place and intending to obtain complete control of the Sarajevo airport now under the control of the Serbs, the report said.

Karadzic also suggested that the U.N. peace-keeping troops be granted to take complete control of the city Sarajevo and make the city a U.N.-protected zone.

In the letter, he condemned the armed attacks on the Serbs and bombardment of Serbian civilians by the Croatian Republic.

Fifty military observers, led by General Louis McKenzie, arrived at the headquarters of the U.N. blue berets in Sarajevo today.

McKenzie was reportedly holding talks with representatives of the three warring factions on lifting the blockade of the Sarajevo airport and taking over control of the airport by the U.N. blue berets this evening.

Radoman Bozovic, premier of the Republic of Serbia, told reporters today that he hoped the United Nations should exert pressure upon the warring factions and urge them put down their arms and seek a solution through negotiations.

Bozovic said economic sanctions and possible military intervention by the international community against Yugoslavia would intensify the on-going conflicts.

XINHUA on 'Grimmest Situation' for Belgrade

OW1206050192 Beijing XINHUA in English 0228 GMT 12 Jun 92

[Text] Belgrade, June 11 (XINHUA)—Belgrade faces the grimmest situation it has known since World War Two as a result of the economic sanctions that the U.N. Security Council imposed on Serbia and Montenegro on May 30.

This is the conclusion of a report written by 30 experts after 10 days of research and investigation. It was submitted to the Belgrade city parliament today.

The sanctions have harmed not only normal economic life in the city, but also supplies of residents' daily necessities.

The report says the cessation of oil supplies, oil products and gas will create the most difficult problem. The fuel shortage will cause great difficulties in the production of basic foods.

Basic food stocks in Belgrade will be exhausted by the next harvest season unless residents can save flour, edible oil and sugar.

If the sanctions are not lifted in winter, the report says, the local government must organize heating for two million citizens and ensure the normal operations of factories, schools and hospitals.

Many workers have been on "forced holiday," so the city administration must cope with various social problems every day and take necessary measures to maintain stability.

Political & Social

Zhu Rongji Viewed 'Frontrunner' for Premiership

HK1206032292 Hong Kong SOUTH CHINA MORNING POST in English 12 Jun 92 pp 1, 12

[By Willy Wo-lap Lam]

[Text] Vice-premier Mr Zhu Rongji has emerged as frontrunner to be China's next premier with the announcement yesterday of his appointment as director of the newly established Economic and Trade Office of the State Council.

The Economic and Trade Office (ETO), which will be upgraded into a commission early next year, is the most important organ in the central Government, as it oversees such key sectors as state enterprises, joint ventures, stock companies and foreign trade.

With his additional posting, Mr Zhu, 63, will practically run the economy on a day-to-day basis, in the process edging out such other economic czars as Prime Minister Mr Li Peng, Senior Vice-Premier Mr Yao Yilin, and Vice-Premier Mr Zou Jiahua.

The former Shanghai mayor has also become patriarch Mr Deng Xiaoping's anointed spokesman and implementer of his market reform programme.

The official New China News Agency [XINHUA] said yesterday that the ETO was set up "to strengthen macro-control and co-ordinate routine economic operations in line with the accelerated pace of reform and the open door and new economic developments in the country."

Chinese sources said the brief of the office was none other than turning China's Stalinist economic structure into a market-oriented one.

This would be accomplished through the separation of government and business, including the conversion of a sizeable portion of state enterprises into stock companies.

Mr Zhu has already issued orders to government-run business units—36 percent of which are losing money—to stop the flow of red ink within the coming year, or risk having their assets sold off.

The sources said Mr Deng, who had personally promoted Mr Zhu to vice-premier in April 1991, had explicitly told party elders and senior cadres that he wanted his protege to run the economy.

While touring the Capital Steet Corporation in late May, Mr Deng singled out Mr Zhu for praise, pointing out that he was one of the few cadres "who really understand how the economy works".

Sources said the decision to create the ETO was made at a full politburo meeting on May 16.

They said that while it usually took government units at least a few months to get established, the speedy setting up of the office reflected Mr Deng's desire to expedite his bold programme of privatisation.

Western diplomats said the speedy rise of Mr Zhu, who is not even a full member of the Communist Party Central Committee, was "unprecedented".

They said the ETO would undercut the power base of Mr Zhu's main competitor for Mr Li's job, Vice-Premier Mr Zou, who is also chief of the State Planning Commission.

Meanwhile, the prestige of the present head of government, Mr Li Peng, suffered a further blow when he was jeered by demonstrators in Tahiti, where he stopped for two hours on his way to the Earth Summit in Ro de Janeiro, Brazil.

Mr Li, who is due to meet British Prime Minister, Mr John Major, today to discuss issues including Hong Kong, had earlier decided against stopping in Hawaii, to avoid anti-Beijing protests.

The 20-odd demonstrators, mostly trade unionists, shouted slogans against the "murderer" as Mr Li left the airport for a brief tour of Papeete. They also held up banners recalling the Tiananmen crackdown.

Analysts said that although the demonstration was small, it was embarrassing for Mr Li because he had already been criticised by colleagues in Beijing for "showing a sign of weakness" in making a last-minute decision to avoid demonstrators in Hawaii.

After the Rio summit, Mr Li will make a one-day stop in Finland next Tuesday [16 June] before returning to Beijing.

Li Peng Praises Zhu Rongji for Debt Chains Work

HK1106105392 Hong Kong WEN WEI PO in Chinese 7 Jun 92 p 2

[By Ch'en Chien-p'ing (7115 1696 1627): "Li Peng Appreciates Zhu Rongji for His Performance in Breaking Debt Chains"]

[Text] Beijing, 6 Jun (WEN WEI PO)—An authoritative person here disclosed that Premier Li Peng recently said that the domestic situation was very good. In the whole country, three-fifths of "debt chains" have been cleared up. Li Peng said Zhu Rongji has been very successful in clearing up "debt chains" since coming to work in the central government. At present, more than 300 billion yuan have been cleared up, and some 200 billion yuan are left uncleared. Li Peng said that the central government has arranged 840 billion yuan for use in the Eighth Five-Year Plan period and that the state will use 1,000 billion yuan, including circulation funds, to build projects owned by the whole people. But the problem of funds is still a big matter restraining our country's economic development. He said foreign funds should be used as much as possible to make up for the shortage of funds so as to concentrate strength to accomplish the

projects prescribed by the Eighth Five- Year Plan. Construction of basic facilities should top the list.

He said that the current situation is very good, the people are very enthusiastic, and that Deng Xiaoping's southern tour speeches have greatly encouraged everyone. Li Peng asked various local governments to carry on practice, take economic construction as the center, and vigorously carry out reform and opening up. No matter what the others say, we must follow this basic line, and the most important thing is to enable the economy to develop continually.

People's University Denies Students' Arrest

HK1106092992 Hong Kong AFP in English 0846 GMT 11 Jun 92

[Text] Beijing, June 11 (AFP)—People's University denied Thursday that two students were arrested in connection with a now banned book that strongly condemns hardline Marxism.

"Such a thing does not exist. That is a rumor," said Wang Pingyuan, an official of the university's foreign affairs office.

Chinese sources said Wednesday [10 June] that Liao Jiaan, 24, and Wang Shengli, 26, were arrested Monday. The two are enrolled in masters degree programs in the philosophy department.

Their arrest, according to the sources, was likely related to the controversial collection of essays, "Historical Trends," published in April by the People's University Publishing House.

Liao and Wang held a reading of the book that was broadcast on the school's radio station, the sources said.

The university put a temporary ban on the book last month, but no final decision on it has been reached by higher authorities.

"Historical Trends" is a defense of senior leader Deng Xiaoping's reforms and is unusually critical of hardline Marxism. Deng warned early this year that hardline communist party members posed the biggest threat to reform.

The People's University is one of China's most orthodox Marxist tertiary institutions and its top leaders were active in the ultra-leftist Cultural Revolution (1966-76).

Dissident Seeking Guarantees Before Going Abroad

HK1206063092 Hong Kong SOUTH CHINA MORNING POST in English 12 Jun 92 p 12

[By Willy Wo-lap Lam]

[Text] A dissident scientist who has permission to go abroad is seeking guarantees from Beijing that he will be allowed to return to the mainland and pursue his profession.

Bio-chemist Professor Wen Yuankai, who was a colleague of astrophysicist Professor Fang Lizhi at the University of Science and Technology (UST) in Hefei, has recently been given theoretical approval to take up a six-month fellowship at California Institute of Technology (CIT).

"Before I leave China, I want to get an assurance that I can return and continue to conduct research as well as related business activities," Professor Wen, who is among a small group of Chinese scientists with an international reputation, told the SOUTH CHINA MORNING POST.

"I also want three of my long-finished book manuscripts to be published, and my positions in social and academic bodies restored."

Chinese sources said thousands of overseas-based Chinese scientists and scholars regarded Professor Wen's demands as a test case and were watching the case to make up their minds about whether to return to China.

An adviser on economic and technological reform to the liberal faction of the party since the early 1980s, Professor Wen, 46, played a minimal role in the 1989 pro-democracy movement.

He made his only appearance in Tiananmen Square in late May, 1989, when he tearfully urged the students to go back to their campuses.

However, on returning to Hefei, the capital of Anhui province, soon after the crackdown, Professor Wen was held for 15 months in a secret detention facility near the city.

After his release in late 1990, he was allowed to return to UST but prevented from teaching, conducting research, or taking post-graduate students.

"Felons could receive visitors in Chinese jails, but not even my mother knew where I was during those 15 months," Professor Wen said.

He said he had been charged with no specific crime, and that the authorities had no legal basis for barring him from resuming teaching duties.

And because of the political stigma, three publishers, the Science and Technology Presses of the provinces of Jiangxi, Anhui and Guangxi, had held up publication of book-length manuscripts he had completed before the Tiananmen Square crackdown.

One of the manuscripts, On Computer-Aided Drug Molecular Design, is regarded as ground-breaking research by Chinese scientists.

Professor Wen has also been expelled from social and academic bodies, including the Anhui Society of Chemists and Chemical Engineers.

In the past year, the Shanghai-born bio-chemist had tried to team up with computer and pharmaceutical companies in the eastern Chinese city to manufacture health and anti-ageing products.

However, again because of his "political problems", the ventures never got off the ground, he said.

Professor Wen said that after patriarch Mr Deng Xiaoping's reformist blitz early this year, the political atmosphere in Shanghai and Hefei had "relaxed noticeably".

"UST has been treating me nicely and they have told me I could still teach there after returning from the U.S.," he said.

"However, ultimate approval of specific things like whether I can still teach graduates students and retain my laboratory will have to come from the Beijing leadership."

The renowned scientist said his interest in politics had waned and he was mainly concerned about "reforming the country through improving technology and the economy".

"I do not think I shall take part in politics while in the U.S.," he said. "I badly want to return to China."

Professor Wen yesterday submitted a formal request for a passport and said he hoped the authorities could expedite the process.

His application to go to the Molecular Bio-Technology Centre at CIT was first filed with UST last September.

Recently, more than 230 UST students wrote to college authorities asking that Professor Wen be allowed to return to the institution after his trip to the United States.

Government Plans Measures To Lure Students Back

HK1106085192 Beijing CHINA DAILY in English 10 Jun 92 p 1

[By staff reporter Li Hong: "Plans Set To Lure Students Back"]

[Text] The Chinese Government is making plans to entice its scholars and graduates studying abroad to return home after completing their studies, government sources said yesterday.

A government resolution aimed at providing better conditions for returned students has been drafted and will soon be sent to the State Council for approval, an official with the Ministry of Personnel told China Daily.

The resolution will supersede all other agreements signed between employers and students before they went abroad, which usually demand that students return to their original work units.

The new policy will give the returned students freedom to choose where they want to work, including Shenzhen and Zhuhai, two of China's five Special Economic Zones and among the most-developed cities, according to the official.

Public security departments will help the returned students change their residence registration from one city to another one, and let their spouses and dependent children and parents live with them—formidably difficult arrangements for ordinary Chinese to make.

The resolution also specifies how much funding returned researchers or students are eligible to apply for from the government's special research aid programme, which was initiated one year ago.

Individual localities will be allowed to work out preferential policies of their own to lure returned academics. Shenzhen officials have already said they want to offer such incentives.

China relaxed some restrictions on overseas study in 1978 so that students would attend foreign universities and bring back to China advanced concepts and technological expertise badly needed at home.

Since then, about 150,000 undergraduates, graduates and scholars have gone abroad, mostly financed by the Central Government or their work units. A third of them have already come back home after their studies, the Ministry of Personnel official said.

He declined to go into details of the drafted resolution prior to its approval.

He said the government will continue to improve services for returned students.

Besides the China National Returned Students Service Centre under the management of the State Education Commission, Dalian, Yantai, Xian, Ningbo and other cities have set up similar service centres. The centres provide information concerning job prospects and housing in China, and applying for research aid.

Hubei, Henan and many coastal provinces are keen to recruit returned students.

The effort has been spurred by Deng Xiaoping's speech in his South China tour early this year. Deng stated that all the students now abroad were welcome home "whatever their former performance was." Deng's remarks were later written into Premier Li Peng's annual government work report to the National People's Congress, China's legislative body.

Contents of, Personalities Behind Document No. 4

HK1206065892 Hong Kong TA KUNG PAO in Chinese 12 Jun 92 p 1

["Special article" by Hsia Yu (0007 7183): "Beijing's Intense Popular Interest in CPC Document No. 4"]

[Text] These days, people in Beijing were concerned about the contents of a "red-headed" central document,

and this was somewhat beyond expectations of visitors to the capital. CPC Central Document No. 4 is now a subject frequently discussed by people in many government offices, factories, universities, research institutes, and cultural organizations. It is learned that the document's main contents are 19 points of opinion on implementing the spirit of Deng Xiaoping's speeches during his inspection in the south about deepening reform and expanding opening up. The document is highly secret, and is only issued to the provincial and army levels. At present, it is still following the strict procedures of relaying from a higher level to a lower level. In some ministries, departments, and commissions, the document is only relayed to department-level [si ju ji 0674 1444 4787] leaders. However, some contents of the document have been known to the ordinary people in the capital, especially the intellectuals. Central Document No. 4 has evoked strong repercussions in the capital. This also most effectively proves that reform and opening up comply with the general public's wishes and are supported by the people, and that the historical trend is irresistible.

Jiang Zemin Urges People To Write "Big Articles"

According to reliable sources, Document No. 4 was issued according to a letter written by Jiang Zemin to Li Peng. Between 6 and 10 April, Jiang Zemin, general secretary of the CPC Central Committee, visited Japan. Before he set off, he wrote a letter to State Council Premier Li Peng, urging the State Council to formulate a program as soon as possible to carry out Deng Xiaoping's instruction about "quickening the pace of reform and opening up and striving to raise China's economy to a new stage" during his inspection in the south. Jiang Zemin pointed out: "This will be a big article." He hoped that after he returned from Japan, the State Council's program would be submitted to the Political Bureau for discussion. So a series of meetings were held in Zhongnanhai in early and mid-April, and the State Council worked intensively to prepare the general principle framework.

Zhu Rongji Presides Over the Program's Design

Vice Premier Zhu Rongji is the official actually presiding over the program's design. The document was redrafted four times and was discussed twice at State Council executive meetings. Then it was issued to the state councillors to revise the details. On 15 May, the CPC Central Political Bureau discussed and approved the fourth version. Some people participating in the drafting of central documents many times said in private: "This document is written well. There is no empty talk or cliches. Every point is of 'solid content.'"

The document is divided into four parts. The second part dwells on the new pattern of China's across-the-board opening up. It is learned that Tian Jiyun proposed the pattern. When the program was discussed at a State Council executive meeting, Tian Jiyun proposed a four-aspect conception: first, opening up the coastal areas, that is, further upgrading the opening up of the special economic zones [SEZs] and open cities by filling up the gaps and making them more comprehensive; second, opening up the border areas and setting up SEZs in the border provinces and regions in the northeast, northwest, and southwest, with foreign trade being diversified; third, opening up riverside areas and making Pudong's development lead the opening up of the Chang Jiang valley as a whole; and fourth, carrying out pilot schemes for running SEZs in interior provinces and regions.

Tian Jiyun Calls for Broadening Thinking

On 25 April, Tian Jiyun gave a lecture at the CPC Central Committee's High-Level Party School. He also expounded his concept of opening up in details, and pointed out that China's opening up should extend from the coastal areas to the border and riverside areas and other interior areas. In this lecture, Tian Jiyun incisively criticized various "leftist" ideas and behaviors and issued his famous "antileftist declaration": "Shaking off the 'leftist' shackles in leading bodies at various levels is a major task. If one does not dare to touch it and does not touch it, reform and opening up will just be empty talk. Without thoroughly settling this problem, it will be questionable how long reform and opening up will last."

His lecture was punctuated with warm applause several times. It is said that the party school personnel excitedly said after listening to Tian's lecture: "This was the most exciting lecture we have heard in the last few years." The party school also published the video tapes on this lecture and circulated them to the public, therby breaking a rule [po li 4275 0173]. It is said that the latest black-market price of the videotape rose to 150 yuan, and there has never been such a popular political videotape in the capital.

Feedback From Agricultural Experts

If there are still some imperfections in Central Document No. 4, they are mainly in the aspect of agriculture. Some officials and experts engaged in rural work and agricultural reform over a long time hold that the document does not sufficiently stress agriculture, and puts forth steps for further reform too generally.

Du Runsheng, a famous Chinese expert in agricultural issues, said that being different from reform in the former Soviet Union and East Europe, China's started in the rural areas where production relations were comparatively simpler, and then developed into the running of a number of development zones in the coastal areas. As a result, before the transformation of the existing large and medium enterprises began, a set of new market and enterprise mechanisms had been created, and a pattern of competition between the new and the old had taken shape. He stressed that the greatest success of China's 10-year reform lies in the creation of these new mechanisms.

Therefore, Du Runsheng pointed out that the in-depth development of China's reform should not only transform the old but should also perfect and develop the new. The expansion of opening up indicates the expansion of the new mechanisms. He proposed that the state transfer some resources to develop township and town enterprises and rural household contracted undertakings. Du Runsheng's opinion represents the thoughts of many people engaged in rural reforms. They all agree that in the rural reform's next step, "the socialist market economy should be fully realized in the countryside, and the 800 million peasants should be able to make their own choice in the market environment."

Du Runsheng also refuted some "leftist" viewpoints on the "market economy." He said: The market economy is also part of the cultural wealth commonly shared by all mankind. All nations and all classes can have their own market economies, and can make creations for the market. This is culture, and is also traditional culture.

Two New Leading Departments To Be Set Up

However, they are very pleased with one point in Document No. 4: The document's fourth part, about superstructure reform, includes a point about the decision to set up the State Economic and Trade Commission and the State Council's Office for Rural and Agricultural Reform. Thus, there will be a department to give overall guidance to agriculture, and the situation in which there is no authoritative body in charge of agriculture will be ended. This is followed by a question: Who will head the new office?

Police Arrest Imposters of VIP Relatives

OW1006221392 Beijing Central People's Radio Network in Mandarin 1030 GMT 5 June 92

[From the "National Hookup" program]

[Text] Station reporters have learned from the Public Security Ministry that public security agencies in Beijing Municipality and Guangzhou City recently solved three fraud cases involving people who were posing as relatives of party and government leaders. Swindlers (Li Zhong), (Li Na), (Ma Yunde), and (Yang Shuo) have been arrested.

The four criminals practiced fraud by passing themselves off as relatives of central leading comrades. (Li Zhong) and (Li Na) bilked a company of 1.5 million yuan by offering to help it handle official documents to obtain crude oil not covered by state plans. (Ma Yunde) obtained by fraudulent means a three-room house from relevant departments of government departments. (Yang Shuo) and others made frequent trips between Beijing and Guangzhou and practiced chicanery on various departments in an attempt to take possession of smuggled goods that had been impounded according to law.

A responsible person of the Criminal Investigation Bureau under the Public Security Ministry told reporters: Swindlers tend to cook up lies and pose as relatives of leading cadres to boost their own social standing, to win trust, and to eventually achieve their ends. From time to time, public security agencies have come across such cases. He expressed the hope that people would heighten vigilance against deception. They should promptly contact public security agencies if they encounter suspicious circumstances and activities.

Newspaper Views Li Ximing's Self-Criticism

HK1106024992 Hong Kong CHING PAO in Chinese No 179, 6 Jun 92 pp 45-46

[Article by Ming P'ing (2494 5493): "Will (CPC Political Bureau member) Li Ximing Leave the Political Arena?"]

[Text] **According to sources, [CPC Political Bureau member] Li Ximing was one of the three who made "self-criticism" at a CPC Political Bureau plenary meeting convened in the first half of March.**

In April Li Ximing admitted making "four mistakes" in a written self-examination handed to the central authorities....

In March Three People Made "Self-Criticism"

In the first half of this May, Li Ximing, CPC Central Committee Political Bureau member and Beijing Municipal CPC Committee secretary, submitted a letter to the Political Bureau, the main content of which was reportedly a request to resign from the posts of CPC Central Committee Political Bureau member and Beijing Municipal CPC Committee secretary.

According to sources, Li Ximing was one of the three who made "self-criticism" at a CPC Central Committee Political Bureau plenary meeting convened in the first half of March (the other two being Song Ping and Yao Yilin). However, Li Ximing was merely making a self-examination, which stated that he had not had a full understanding of Deng Xiaoping's instructions and therefore worried about personal gain and loss in implementing and enforcing the party's basic line, and had directed his effort mainly at keeping things stable or making them more stable, thus withholding the development of work in Beijing.

Li Ximing Admitted Making "Leftist" Mistakes

In early April Li Ximing found himself again in a politically passive position when Beijing Municipal Mayor Chen Xitong reported on him of his participation in a plan to "criticize Deng" with Wang Zhen, Deng Liqun and others. In mid-April, after being criticized by name by Qiao Shi, CPC Political Bureau Standing Committee member, at a CPC Central Committee Secretariat meeting, Li was forced to make the following self-examination at a Beijing Municipal CPC Committee meeting: In the 1989 counterrevolutionary turmoil I was able to tell the right direction and was on the side of struggle. In the work of implementing and enforcing the

party's basic line, however, I self-consciously or unconsciously got myself involved in some of the reverse currents which featured a relatively serious leftist bent of mind and caused loss to the party's work. Thereafter Li Ximing also submitted a written self-examination to the Central Secretariat. It is understood that in the written self-examination, Li Ximing admitted making "leftist" mistakes both in ideology and work guidance when he was in charge of the work of Beijing Municipal CPC Committee. These mistakes were mainly shown in four aspects. First, he resented the call for "further emancipation of mind" by the Central authorities, believing that the ideology then was sufficiently emancipated. How would we deal with the outburst of all the anti-Marxist and Leninist ideologies should we continue to mention "emancipation?" What should we do with the deluge of bourgeois liberalization? Second, as a result of the mistaken guiding thought and "leftist" dominance, he stressed "politics in command" in guiding central tasks and urged a clear distinction of the direction and road we took in pursuing reform and opening up. Third, in work, ideology, and organization, he had never recognized clearly the practical national situation where "while guarding against rightism, the main attention was to prevent 'leftism.'" Fourth, for a long time he studied Marxist-Leninist theory in divorce from reality, did not integrate the study of Marxist-Leninist theory with China's construction, developed a doctrinaire frame of mind, and thus impeded the work of Beijing Municipality.

Qiao Shi Criticized Li Ximing's Mistakes

Toward the end of April, Qiao Shi pointed out to Li Ximing in a talk with him that he must genuinely recognize the loss and influence his mistakes had brought to the party's work. The party's basic line was a resolution adopted by the party congress, which each party member must implement and enforce, and implement and enforce unconditionally. This is party spirit and the organizational nature of the party. Why has Beijing—enjoying as it does unique superiority in areas of politics, the economy, talent, science and technology, communication and information—remained stuck in a state where it cannot forge ahead? The problem must lie with the leadership group and chief persons in charge of the municipal party committee. It was said that Qiao Shi explicitly pointed out that Li Ximing's self-examination was only preliminary and the central authorities are not satisfied with it.

On 12 May, at the "two committees" [er wei 0059 1201] meeting of Beijing Municipal CPC Committee and the municipal government, Chen Xitong made for the first time an introspection of the backward state and "leftist" intellectual current in Beijing municipal party and government work, and a criticism and self-criticism over the work of the municipal party committee.

At present, Li Ximing is still officially the secretary of the municipal party committee, but day-to-day work has been taken over by Chen Xitong. Li Ximing is in a semi-retired and semi-self-examination state. Does it mean that Li Ximing's political career has finally come to an end?

Central Committee Rejects Deng Liqun's Complaint

HK1106062692 Hong Kong CHING PAO in Chinese No 179, 6 Jun 92 pp 46-47

[Article by Yueh Lin (1471 2651): "Deng Liqun's Complaints Are Rejected"—first paragraph is CHING PAO introduction]

[Text] Deng Liqun wrote to the CPC Central Committee Political Bureau in late April to complain about Qiao Shi and Li Ruihuan, but his complaint was rejected in early May, and this is a new trend which merits attention.

Since the publication of Deng Xiaoping's southern tour speeches, the mainland has witnessed a new tide of reform and opening up. However, from the central authorities to cadres, intellectuals, and people in general, many people still have fears. What irritates them most is "leftism," what frightens them most is "leftism," and what makes them feel incapable is also "leftism." It is because for several decades on the mainland, "leftism" symbolized revolution, the proletariat, and Marxist truth. No one dared oppose it. But the situation today is different.

The CPC Central Committee General Office's Comment on the Complaint

Deng Liqun, a member of the Central Advisory Commission who has always been called the "amateur general secretary" by the people and "two pens within the party" by Vice President Wang Zhen, wrote to the CPC Central Committee Political Bureau in late April to complain about Qiao Shi, president of the Central Party School, and Li Ruihuan, member of the CPC Central Committee Secretariat. **A person who has access to the CPC Central Committee General Office disclosed that Deng Liqun's complaint was rejected in early May. The CPC Central Committee General Office gave him the comment: Comrade Deng Liqun: After an investigation by the relevant department, the department and the decision mentioned in your letter are proved to be correct and in accordance with the party's organizational principles. Every party member should voluntarily observe the party's discipline, and publicize and enforce the party's basic line. Any contradictory speech and action is not tolerated by the party's organizational discipline.**

Why Did Deng Liqun Complain?

Why did Deng Liqun complain? It was because since April, the Central Party School has ceased hiring him and Gao Di to serve as visiting teachers (lecturers). Deng Liqun was unhappy with the school's decision. This is one point. The other point is that recently, Deng Liqun wrote many theoretical articles, which were, however, rejected by the CPC Central Committee Propaganda Department, RENMIN RIBAO, GUANGMING

RIBAO, QIUSHI, and other local newspapers. This made him angry with Li Ruihuan. Deng Liqun went to Wang Renzhi, head of the Propaganda Department, and asked him why his articles were not allowed to be carried by newspapers. According to information, Wang Renzhi has become "smarter," and he replied: I am not the one who can decide everything in the Propaganda Department. There has to be open discussion, and if an article does not pass, it is not good for it to be carried by newspapers. In principle, an article which deviates from the party's basic line is not allowed to get printed, and whoever prints it must take responsibility, he added. After hitting a wall in the Propaganda Department, Deng Liqun went to Li Ruihuan, and asked: Are my essays opposed to Marxism, Leninism, or Mao Zedong Thought? Why did you ban them from being printed? Do we still have to uphold the party's policy? Li Ruihuan replied: Newspapers and journals are the party's propaganda tools, and must serve the party's basic line and speak for the masses; they cannot carry whatever is demanded by individuals. Hence, Deng Liqun brought his complaint against Qiao Shi and Li Ruihuan to the CPC Central Committee Political Bureau.

Several Articles Dumped Back on Him

It has been alleged that in early April, Deng Liqun, in his capacity as a member of the Central Advisory Commission, wrote an article entitled "We Should Thoroughly and Correctly Implement the Party's Basic Line," which he sent to the CPC Central Committee Secretariat and the Propaganda Department. In his article, Deng Liqun went so far as to say that the one center and the four cardinal principles are an integral general program, and only by adhering to the four cardinal principles in the general program and refraining from drifting to rightism can economic construction develop in the correct direction. The article also said: If we are to face reality, respect truth, and absorb experience, then we must admit that in the 13 years of reform and opening up, the biggest destruction came from the trend of thought and theories which were opposed to Marxism. **The Secretariat sent the article back to Deng Liqun, with the four characters "irrelevant to the subject," and signed by Qiao Shi, Ding Guangen, Li Ruihuan, and Wen Jiabao.**

At the end of April, Deng Liqun sent to RENMIN RIBAO and ZHONGGUO QINGNIAN BAO other articles such as "Mao Zedong Thought Shines Over the Vast Mainland" and "Thoughts Originating From Commemoration of the '4 May' Youth Day." The Propaganda Department made the comment: Articles fail to pass examination. The result was that the articles were not carried by any newspaper. According to information, the article entitled "Thoughts Originating From Commemoration of the '4 May' Youth Day" was signed jointly by Deng Liqun and Wang Zhen. People said that was a struggle strategy used by Deng Liqun.

Wang Renzhi Urges Studying Deng Socialism Talks

HK1106153992 Beijing RENMIN RIBAO in Chinese 7 Jun 92 p 1

[Report: "National Newspaper Theoretical Publicity Workshop Stresses Studying Comrade Deng Xiaoping's Important Talks"]

[Text] The national newspaper theoretical publicity workshop, which ended recently in Beijing, holds that a fundamental task in theoretical publicity work is to publicize well the spirit of Comrade Deng Xiaoping's important talks and to arm cadres and masses with his theory of building socialism with Chinese characteristics.

During the discussions, the comrades in charge of theoretical publicity from various provincial and central newspapers across the country said: In theoretical publicity, we should further emancipate the mind, link theory with practice, and, under the guidance of the spirit of Comrade Deng Xiaoping's important talks, guide people to reach unity of thinking, get into action, and seize the favorable opportunity to accelerate reform, opening up, and economic construction. In the next step of our work, we should continue to thoroughly study and conscientiously comprehend Comrade Deng Xiaoping's important talks, comprehensively and profoundly grasp their spirit and essence, and strive to increase accuracy, purposefulness, and readability in theoretical publicity to develop a good social environment and a good public opinion atmosphere favorable to the acceleration of reform and opening up.

At the end of the workshop, Wang Renzhi, director of the CPC Central Committee's Propaganda Department, stressed that, in his important talks, Comrade Deng Xiaoping has made a penetrating generalization and summation of a series of theoretical and practical issues on building socialism with Chinese characteristics. The talks not only have rich theoretical connotations but also strong practical objectives; not only embodies his consistent ideas and stands but also have many new elaborations and developments. We should publicize well the spirit of the talks and the theory of building socialism with Chinese characteristics as established by Comrade Xiaoping. This is a fundamental task of theoretical publicity work. Comrades doing theoretical publicity work must be very clear and conscious about this.

Wang pointed out: It has taken the theory of building socialism with Chinese characteristics 14 years to institute, develop, and take shape. Under the guidance of this theory, China has scored impressive achievements in reform, opening up, and modernization drive. The correctness and scientific character of this theory has been verified in practice and stood the test of drastic historical changes. Practical test and historical proof tell us that we must firmly grasp this scientific theory and the party's basic line and uphold it without vacillation for several decades and even 100 years. Only by grasping and

upholding this theory and this line can the economy develop rapidly, society make progress, and China have a bright future.

Wang said: The theory of building socialism with Chinese characteristics is an outcome of integrating the basic tenets of Marxism with the practice of China's modernization drive; it is a new development of Marxism-Leninism-Mao Zedong Thought. In studying Marxism and solving the issue of how to build socialism in China, we must exert great efforts to study the theory of building socialism with Chinese characteristics as established by Comrade Deng Xiaoping. Only in this way can we grasp the latest achievements in Marxist development process.

The 15-day workshop sponsored by the CPC Central Committee's Propaganda Department invited leaders of relevant central departments and experts to give reports on how to penetratingly comprehend the spirit of Comrade Xiaoping's important talks and quicken the pace of reform and opening up. The workshop participants visited the Shoudu Iron and Steel Company and the Tianjin Tin Plate Printing and Manufacturing Company, and held informal discussions with the general and deputy general managers of the Shanghai Number 2 Textile Machine Joint-Stock Company Ltd. and the International Securities Company, who made a special trip to Beijing to discuss the issues of deepening enterprise reform and joint-stock system.

Propaganda Official Xu Weicheng Addresses Forum

HK0506061192 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 30 May 92

[Text] Xu Weicheng, executive deputy director of the CPC Central Committee Propaganda Department, delivered a speech at the Seventh Annual Meeting of China Association for Ideological and Political Work among Staff and Workers, which was convened here in Lanzhou yesterday.

Xu Weicheng pointed out: In the course of in-depth reform and opening up, it is necessary to carry out forceful, vivid, and effective ideological and political work so as to further push ahead with reform, opening up, and economic development.

Xu Weicheng emphatically called for unifying both ideology and action in accordance with Comrade Deng Xiaoping's important speeches, repeatedly study and acquire an in-depth understanding of Comrade Deng Xiaoping's important speeches, and continually heighten consciousness in carrying out and implementing Comrade Deng Xiaoping's important speeches.

Xu Weicheng noted: The key to grasping excellent opportunities to further reform and opening up lies in faster economic development. China's practice of reform, opening up, and four modernizations building demands that ideological and political work be further strengthened to attain the following four goals: 1) help people to clearly view the current situation and emancipate their minds; 2) alleviate existing contradictions and unify the will of the whole people; 3) mobilize the enthusiasm of the broad masses of staff and workers; and 4) create a stable political and social environment for China's economic construction, reform, and opening up;

Xu Weicheng also called on the broad masses of ideological and political workers to brace up, discard old practices, transform work style, carry out work in light of actual conditions, create a favorable atmosphere for theoretical studies and play an exemplary and leading role in this regard, proceed from the interests of the whole people, and further enhance consciousness by successfully carrying out their work.

Interviewed on Media Work

HK0606073492 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 4 Jun 92

[Text] Yesterday afternoon, Xu Weicheng, executive deputy director of the CPC Central Committee Propaganda Department, who was currently inspecting work in our province, was interviewed by this station's reporters Jia Qizhen and Duan Qizhi on how news work should serve economic construction.

Xue Weicheng said: Economic construction is the center. This principle will remain unchanged for 100 years. Therefore, our news work must adhere to economic construction as the center and serve this center for 100 years.

Xue Weicheng pointed out: At present, to provide quality services to economic construction, we must first and foremost understand what economy is, grasp the law of economy, and acquire a wide range of solid knowledge about economy. Following the emancipation of the mind, people are bound to voice all sorts of views. In order to maintain a correct public opinion orientation, we must acquire a sound knowledge about the economic operative mechanism and the law of economy.

Xu Weicheng also placed high hopes on radio broadcasting workers, saying: The news and radio broadcasting workers should try to learn more about the economy and acquire a better understanding of a modern society as well as modern economic management and operation to broaden their own horizon, make subjective views commensurate with objective conditions, keep a firm grip on the news instrument, and make news work better and more effectively serve the people and socialist cause so that the people, government, and party will like the news instrument even more.

705 Cases of HIV-Infected Persons Discovered

HK1006143592 Beijing ZHONGGUO XINWEN SHE in English 1404 GMT 10 Jun 92

[Text] Hong Kong, June 10 (CNS)—The June edition of "CHINA'S DIGEST" disclosed today the situation regarding AIDS facing the Mainland. By the end of last

year, the Mainland had discovered 705 cases of persons infected with the HIV virus leading to AIDS and eight full-blown cases, three of which were Mainland residents, all of whom died last year.

The 705 cases were diagnosed and confirmed to have the disease from serum tests carried out on 480,000 persons in 15 provinces, cities and autonomous regions including Liaoning Province, Yunnan Province, the Guangxi Zhuang Autonomous Region, Guangdong Province and Beijing Municipality. The Director of the Sanitation and Anti-epidemic Department of the Ministry of Public Health, Mr. Dai Zhicheng, was not optimistic about the outcome of the tests. He added that there might be virus carriers "going unchecked".

The number of persons infected with the fatal disease has shown rapid growth since the first case involving a Mainland resident was discovered in 1988, Mr. Dai said. It developed from cases where the infection was brought in from overseas into ones spreading among domestic residents. Persons with the AIDS virus are mainly drug addicts, people with venereal diseases, prostitutes, returnees from abroad or from undertaking labour service overseas, spouses of virus-carriers and haemophiliacs. Transmission is mainly from sexual and blood contacts. There also exists a potential risk of mother-to-baby transmission, although no such case has yet been discovered.

The Chinese government has made AIDS one of the diseases receiving state priority in preventive work and treatment and has set up an expert commission for the prevention and control of AIDS with the aim of curbing the spread of the disease.

Law Promises Minority Legal, Religious Protection

HK1106081692 Beijing CHINA DAILY in English 11 Jun 92 p 1

[By staff reporter Chang Hong: "New Law To Protect Rights of Minorities"]

[Text] People of ethnic minorities living outside their traditional home regions in China are expecting new protections soon. A law extending legal rights to them will be submitted to the country's highest legislative body for approval by the end of this year.

At least 31 more pieces of legislation are to follow over the next five to 10 years to implement the fundamental policy of granting autonomy to minority nationalities, according to the sources from the Standing Committee of the National People's Congress (NPC).

The 10th draft of the law, which gives equal rights to some 22 million minorities living in Han-dominated areas rather than their own autonomous regions, is now ready for deliberation at the NPC Standing Committee forum.

This group of people make up one-fourth of China's nearly 91.2 million minority population.

Sources said the new version of the law is to cover three major issues: minority rights in the political arena; State preferential policies set up to help develop the economies of minority nationalities, and protections for their religious beliefs and special living habits and customs.

Included are stipulations on ethnic minority representation in legislative organs; training and promotion of ethnic nationality officials; economic and business policies combining government subsidies with local efforts, and details on the production of daily necessities particularly needed by minorities.

Sources said legislators with the NPC Standing Committee, the State Council and government ethnic affairs officials met and agreed at a legislation conference held in Southwest' Guizhou Province in early May on ways to formulate rules and regulations over the next 10 years.

Those rules will deal with ethnic education, the use of minority languages, ehnic affairs in urban areas, and the reform and opening up of minority regions.

China already has 32 laws and regulations that deal, in whole or in part, with ethnic minority affairs. In addition, 71 separate local sets of rules or regulations have been made.

The NPC Standing Committee is planning to dispatch three groups of inspectors this year to check on how the laws have been carried out.

The first group is expected to go to Qinghai Province next month, while the other two plan to tour Ningxia Hui Autonomous Region in September and Guangxi Zhuang Autonomous Region in November.

China has some 160 minority autonomous administrative localities, including five autonomous regions: Xinjiang, Guangxi, Inner Mongolia, Tibet and Ningxia.

Rules in these areas concern the formation of governments, the granting of authority to formulate somewhat independent economic and social development objectives, financial and budgetary plans, and education and cultural strategy on the basis of local conditions.

Northwest Minorities Observe 'Corban' Festival

OW1106022892 Beijing XINHUA Domestic Service in Chinese 1132 GMT 10 Jun 92

[By reporters Li Feng (2621 3536) Li Xu (2621 3563)]

[Text] Beijing, 10 June (XINHUA)—Dressed in gorgeous ethnic clothing, representatives of 10 ethnic minorities in Beijing got together today at the Beijing Nationalities Culture Palace to celebrate their traditional festival "Corban" with songs and dances.

The traditional holiday of the 10 main ethnic minorities—Hui, Uygur, Kazak, Uzbek, Kyrgyz, Dongxiang,

Bonan, Salar, Tajik and Tatar—living in northwestern China falls on 10 June this year. Some 400 ethnic minority people from all fronts in the capital today participated in the get-together organized by the Beijing Nationalities Friendship Association. Zhao Yannian, vice minister of the State Nationalities Affairs Commission, and He Luli, vice mayor of Beijing Municipality, attended and offered their greetings.

Former 'Slaves' Praise Life After Communism

OW0906110292 Beijing XINHUA in English 1032 GMT 9 Jun 92

[Text] Chengdu, June 9 (XINHUA)—A former child slave who once worked like an animal in the fields, now heads a quality leather goods company with its fashion products marketed in Italy and France.

He is 46-year-old Chihei Yeuri of the Yi ethnic minority and his Minzhu Leather Mill is in Butuo County of the Liangshan Autonomous Prefecture in Sichuan Province, southwest China.

As a child of seven along with his three brothers, he was made a slave when his father died and his blind mother was forced to beg. Chihei spent his working day shackled to a plough or cart. He was finally freed in 1956 after three years drudgery.

The Minzhu mill produces high quality leather clothing, bags and shoes and Chihei was responsible for negotiating a foreign investment deal. Later this year he will go to the United States to inspect the latest developments in quality control and marketing.

Chihei's leadership won him a model worker prize from the central government and the mill has a range of more than 200 products which earn more than 7 million yuan a year.

Chihe is one the more than 40,000 former slaves in the Liangshan Prefecture who have made a success of their lives inspite of their appalling ordeal in the past.

Local officials said that Liangshan is a main area inhabited by Yi nationality. It has a population of 1.5 million of the ethnic people now. The slave system lasted over 2,000 years in the area until the early 1950s.

Ma Erzi, a scholar of the Yi nationality studies, said in the past the slave owners accounting for only five percent of the Yi people controlled the destiny of the rest—they could sell and even kill the slaves at will.

Qu Mu, the head of The Liangshan Prefecture Hospital, is another former child slave.

The sufferings he saw and the shortage of medicine inspired him to become a doctor. A highlight of his career was in 1990 when he carried out cardiovascular surgery in the prefecture's hospital.

Qu Mu has issued more than 20 academic papers, some of which have attracted attention from abroad.

"Without the Communist Party, we would still live in an abyss of misery," says Qu who acknowledges that he owes his life and achievements to the new society.

Others of the Yi ethnic minority with notable achievements included A'Le Yure, deputy director of the prefectural Bureau of Culture and a noted painter, and the writer, A'Lu Siji, who is chairman of the prefectural Literature and Arts Federation.

According to the Liangshan Nationalities Affairs Committee, 70 percent of cadres in the prefecture comprise Yi people nowadays.

"I have experienced the bitterness of the slave society and the happiness of the socialist society," says the director of Lianshan Prefectural Office, An Zhengui. "I treasure and love the new society very much."

Since 1978 he has helped introduce more than 500 million yuan from other parts of the country to promote local economic development.

CPPCC Standing Committee To Convene 23 Jun

OW0606095792 Beijing XINHUA Domestic Service in Chinese 0812 GMT 6 Jun 92

[Text] Beijing, 6 June (XINHUA)—The 45th chairmanship meeting of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC] this morning decided that the 20th Session of the Standing Committee of the Seventh CPPCC National Committee will be held in Beijing on 23 June.

Vice Chairman Fang Yi presided over the chairmanship meeting on behalf of Chairman Li Xiannian. The chairmanship meeting suggested that the central items on the agenda of the 20th Standing Committee session will be continuing to study thoroughly Comrade Deng Xiaoping's important talks and the guidelines of the plenary meeting of the Central Political Bureau, as well as discussing how to accelerate reform and opening to the outside world. The session will hear a report by the State Economic Restructuring Commission and briefings on the situation of Guangdong Province, Shanghai, and Dalian. It will discuss the report and briefings, and it will make positive suggestions.

The session will also deliberate a written report by a CPPCC delegation on its visits to Cameroon, Gabon, France, and Turkey.

Comparison: RENMIN RIBAO on Reform

HK0906053792

Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese on 9 June carries on pages 1 and 3 a 2,500-character editorial entitled "New Stage of China's Reform and Opening to Outside World." This version

has been compared with the XINHUA Domestic Chinese version published in the 9 June DAILY REPORT on pages 17-20 and was found to be identical except for the following variations:

Page 17, column 2, first paragraph of text of editorial reads [Text] The important talks... (deleting dateline)

Page 18, column 1, first paragraph: (second and third sentences in this paragraph were included in the RENMIN RIBAO version whereas the final XINHUA version deleted these two sentences)

Economic & Agricultural

Environment Considered 'Secondary' to Development

HK1206064492 Hong Kong THE STANDARD in English 12 Jun 92 p D-5

[By Stanley Leung]

[Text] China apparently regards environmental protection as a "luxury" which should not threaten the basic survival of the nation.

The attitude of China towards environmental issues is quite different from that of Western and developed countries which are enjoying a high degree of industrialisation and high income per capita.

China, which has emerged as the leader of the developing countries, takes a cautious view on the question of environment.

Apparently China attaches more importance to economic and industrial development. Environmental problems caused by economic and social development appear to be secondary.

To some extent, China's attitude towards the environment is similar to the case of human rights protection. Without "survival", China finds it difficult to give full consideration to human rights.

China maintains that environmental issues can hardly be separated from principles governing world politics such as national sovereignty and territorial integrity, mutual non-aggression and non-interference in each other's internal affairs.

China's stance on the relationship between "development and environment" was explained by Mr Song Jian, head of the Chinese delegation who delivered a speech earlier this week at the current plenary meeting of the United Nations Conference on Environment and Development (Unced) in Rio de Janeiro.

To achieve its purpose, the preparatory committee for the conference has called for the establishment of a "new global partnership" and has written it into the draft "Rio Declaration on Environment and Development".

Among other things, Mr Song said that countries have the right to exploit their own natural resources according to their own needs, without causing damage to other nations.

"Any attempt to impose certain political and economic models on other countries or to attach unreasonable conditions to co-operation will undermine the basis of this partnership," he said.

Mr Song, State Councillor and Minister in charge of the State Science and Technology Commission, said China holds that a "new global partnership" should be established on a firm and solid basis fully reflecting the common understanding of the international community on environment and sustainable development.

He said the new partnership should be aimed at enhanced international co-operation in the preservation, protection and restoration of the global ecosystem as well as in economic development.

"Without steady economic development, it is impossible to meet the people's basic needs in life, let alone protect the ecosystem and environment." He said the new partnership must cover both the environment and development and be designed to properly handle, in particular, problems relating to trade, debt and funds and to improve the international economic environment.

Mr Song said that as countries are in different stages of economic and social development, they are entitled to choose their own ways of economic development and environmental protection which best suit their own national conditions.

He said the new partnership must also be fair and just and should be able to handle properly problems of funds and technology transfer.

Without a guarantee of funds and technology transfer, international co-operation could only be a mirage.

Without the effective participation of developing countries, establishment of such a "new global partnership" is impossible, Mr Song said.

He said the development modality, in particular the production and consumption pattern that has prevailed since the Industrial Revolution, can not continue.

State-Run Firms To Become Limited Companies

HK1006032992 Hong Kong THE STANDARD in English 10 Jun 92 p A-8

[By Cary Huang]

[Text] Beijing is set to turn state-run enterprises into incorporated companies with limited liability in a dramatic move to restructure the ailing business sector, according to Chinese sources.

The move to turn the state-owned enterprises into private businesses will pave the way for a restructuring of the function of the government administration on business.

It will also prepare for a major change of the business operation mechanism of the state-run enterprises, Chinese economists said yesterday.

It will help implement the enterprise law, which stipulates business should be free of government intervention and be financially autonomous.

The decision to turn state-owned enterprises into limited companies was made recently by the State Council, China's cabinet, after a national meeting on the issue.

The National Conference on Changing the Operation Mechanism of State-owned Enterprises was held late last month in Beijing by the State Council's Production Office, which has recently been turned into an Economic and Trade Office led by moderate Vice Premier Zhu Rongji, of State Planning Commission and State Commission for Restructuring the Economy.

The meeting ended with three major conclusions as primary moves to restructure the state-owned enterprises in the coming year.

The first conclusion called on central ministries and regional government departments to speed up the pace in assessing values of all state-run businesses' property assets in preparing to go public through selling of the shares to the public, and selling whole or part of these businesses to society.

The second conclusion was to quicken the pace in turning large and medium-sized state-run enterprises into share holding companies by selling shares to employees and other state businesses, or by setting up joint ventures with other entities including private and foreign-funded business.

The third conclusion and the most impressive one was to turn all the state-run businesses into incorporated companies with limited liability.

Then, Chinese economists said, the authorities could implement the bankruptcy law and separate government from business.

Economist Views Nature, Forms of Shareholding

HK1106034392 Beijing RENMIN RIBAO in Chinese 29 May 92 p 5

[Article by economist Jiang Yiwei (5592 0001 5517): "Several Issues on the Understanding of the Shareholding System"]

[Text] The implementation of the shareholding system in enterprises has been put on the agenda following the development of China's socialist commodity economy. But this is, after all, quite an unfamiliar new thing to people who have lived in the so-called "product economy" for a long time. Those who agree or oppose generally lack the necessary knowledge about the shareholding system. I have proposed the trial-implementation of the shareholding system for six or seven years, but I dare not say that I have a correct understanding of it. In the following, I would like to express my superficial understanding to seek instructions from old hands and experts in the country and abroad.

I. The Shareholding System Does Not Necessarily Mean Listing Shares for Trading

What is the shareholding system after all? At the mention of the shareholding system, quite a number of people think that it is selling shares on the market. Thus good and bad meanings have emerged from here. As a matter of fact, the shareholding system does not necessarily mean listing shares for trading. In my opinion, the shareholding system is a kind of method and form of scientifically handling enterprises' proprietary rights. It only divides an enterprise's capital into equal shares and then "determines the nature and quantity." Determining the nature means determining to whom the capital belongs. Determining the quantity means determining who will hold the shares and how may shares he will hold. Thus the relations of proprietary rights are made clear.

According to international practice, an enterprise under the shareholding system has two company forms: One is a "limited liability company," in which a group of owners take out some capital for stock subscription, thus forming distribution of shareholding rights within the company. This company does not issue shares or list its shares for trading. But it is an enterprise under the shareholding system. Detailed terms and conditions are provided by company law. The other is a "shareholding company limited," which can openly issue its stocks in society after approval and registration. There are two kinds of methods by which it issues its stocks: One is authorizing a financial organization to sell its stocks—this kind of selling is called "primary market" (counter transaction); the other is "listing stocks" for trading through a securities or stock exchange center after its strict examination, depending on whether these stocks are up to the terms and conditions. These stocks are "commodities" in themselves and follow the law of commodity supply and demand. When demand is greater than supply, their prices will rise; when supply exceeds demand, their prices will drop. This trading is called a "secondary market." There are tens of thousands of shareholding companies limited abroad, but only a few are approved by stock exchange centers to list their stocks for trading. Our country has approved Shanghai and Shenzhen to carry out stock trading experiments. Only dozens of companies have been approved to list their stocks for trading. In the future, the number will not increase unlimitedly. But shareholding companies limited engaged in counter transactions may be

expanded, as can shareholding enterprises that adopt the form of a "limited liability company."

II. The Shareholding System Is Not Surnamed "Capitalism" [zi 6327] or "Socialism" [she 4357]

The shareholding system has been hot and cold in the last few years. A crucial problem is that people have been entangled in the question of whether the shareholding system is surnamed "capitalism" or "socialism". As a matter of fact, as a method and form of handling the relations of proprietary rights, the shareholding system is not surnamed "capitalism" or "socialism." It can serve capitalist private ownership and socialist public ownership. If the owners of privately-owned enterprises are diverse, the shareholding rights possessed by each of them should be verified properly. The implementation of the shareholding system will help solve this problem. If a public-owned enterprise has only one owner, there is no need to implement the shareholding system; if it has diverse owners, for example, in the case of a transdepartmental, transregional, and trans-ownership enterprise group, only the implementation of the shareholding system will help straighten out the relations of proprietary rights.

Some people say that if stocks can be issued openly and individuals are allowed to buy them, this is introducing "privatization." Is this not "capitalism"? Whether or not individuals are allowed to possess stocks is a matter of state policy. Now China is in the initial period of socialism. Party and state policies allow the existence and certain development of a small amount of private ownership as a supplement. Therefore individuals are, as a matter of course, allowed to buy stocks openly issued. Stocks themselves cannot seek private owners; they lie at the counter of a stock exchange center and "will follow the chicken or dog who marries them." Therefore stocks are of a neutral nature. Similarly, our state-owned companies overseas can buy the stocks of capitalist enterprises. The stocks that have been bought by our state-owned companies become our state-owned stocks.

III. Can Shareholding Enterprises With Public Ownership as the Main Component Be Set Up

Such enterprises can of course be set up. If they are limited liability companies, these can be formed by shareholders under public ownership; if they are shareholding companies limited, they must sell some of their stocks in society. Publicly-owned stocks should make up the majority, and privately-owned stocks that are openly sold should make up the minority. The problem is which of these enterprises' stocks is publicly-owned?

First, state-owned stocks (including those with central and local investments) are the most characteristic publicly-owned stocks.

Second, legal person-owned stocks (including those with investments made by legal persons of publicly-owned enterprises and by legal persons of publicly-owned organizations) are also comparatively typical publicly-owned stocks.

Third, there are the collective stocks (or collective stocks of staff members and workers). Enterprises of a big collective nature have existed in China for decades and their assets are commonly owned by the staff members and workers. If their investments are assimilated or if these collective enterprises join an enterprise group, collective stocks will emerge that are neither owned by the state nor by individual staff members and workers. Collective ownership is an important form of public ownership. Unquestionably, these stocks are publicly-owned.

Fourth, there are the staff members' and workers' cooperative stocks. Cooperatives are a commonly acknowledged component of public ownership. Stocks with cooperatives' investments are, of course, publicly-owned stocks. If an enterprise's staff members and workers are allowed to buy a limited amount of its stocks but are not allowed to sell them, the nature of these stocks is the same as those of cooperative stocks (staff members and workers buy stocks and take part in the labor). This is entirely different from stock subscription in society. Therefore these stocks cannot be called "individual stocks" in general terms, and should be referred to as "staff members' and workers' collective stocks," which fall into the category of publicly-owned stocks.

If these four kinds of publicly-owned stocks account for the major part of an enterprise's stocks, with assimilation of a small amount of privately-owned stocks, this is an enterprise with public ownership as the main component.

IV. When a State-Owned Enterprise Sells Stocks in Society, Does This Mean That It Is Selling State-Owned Assets?

Some people are opposed to the shareholding system and are even opposed to state-owned enterprises selling stocks. They say that the selling of stocks by state-owned enterprises means selling sacred, inviolable, state-owned assets to individuals. This is a fool who lacks the minimum knowledge about the commodity economy. If a state-owned enterprise has 6 million yuan of assets and sells 4 million yuan of stocks, it only sells thousands of pieces of paper (stock certificates) but obtains 4 million yuan of cash. Not only are the original state-owned assets not in the least bit harmed, the state-owned shares occupy a dominant position. In other words, the 4 million yuan accumulated from society is controlled by the shareholders, who carry out trading of 10 million yuan with capital of 6 million yuan. Is this beneficial or detrimental to state-owned assets? (As a matter of fact, investors in society are small shareholders; state-owned assets can hold shares even without possessing 51 percent of the total capital).

Even if the state "sells" the shares of an enterprise, thinking that there is no need to directly control the

enterprise's shares, it will not suffer any loss as long as the selling prices are appropriate, because it can use the recovered capital for other investments after selling the shares. Contrary to this, I personally favor the appropriate, concentrated use of state-owned capital. This is more beneficial to the development of the national economy.

V. What Are Advantages of Implementing Shareholding System in State-Owned Enterprises

There are many advantages. At least, the prominent advantages are as follows: First, it can make the relations of proprietary rights clear and is advantageous to enterprises' lateral integration. When forming an enterprise group in particular, only by implementing the shareholding system can we break the "three no changes" (no change in ownership system, no change in subordination, and no change in financial and taxation channels) and really display the strong points of the enterprise group. Second, it is beneficial to capital accumulation and enterprises' transformation and development. Shareholding companies limited carry out capital increments by issuing stocks. Limited liability companies can also assimilate investments from enterprises' or organizations' legal persons. In comparison with asking for bank loans or issuing bonds, these capital accumulation methods are more beneficial to enterprise development. Third, assimilating staff members and workers into stock ownership as well as joining their hearts through mutual stock ownership are quite effective methods to arouse their sense of responsibility for being masters of their own affairs. Fourth, the organizational standardization of limited liability companies or shareholding companies limited and the separation of the shareholders' right to own enterprises from the enterprises' legal persons' right to possess enterprises are effective methods by which to separate government responsibily from the enterprises. This is beneficial to really transforming the enterprises' operational mechanism and enabling them to really become socialist commodity producers and dealers carrying out independent operations and assuming sole responsibility for profits and losses.

VI. The Shareholding System Should Be Implemented Actively and Steadily

The development of the shareholding system is an inevitable trend. But at present, we should not rush into mass action in the running of shareholding enterprises or investment companies with state-owned assets. It is all the more impossible to set up stock markets universally. Therefore the shareholding system should be implemented actively, yet steadily; it should be popularized through experiment, in a planned way, and step by step. Generally speaking, "limited liability companies" can be developed ahead of "shareholding companies limited." In listing stocks for trading, the primary market can be developed ahead of the secondary market. Enterprise groups or other enterprise integration bodies should implement the shareholding system for their gradual standardization. State-owned assets management departments should authorize group companies to undertake the rights and responsibilities of managing state-owned assets. In the meantime, experiments should be carried out for the establishment of comprehensive or professional investment companies. In developing either limited liability companies or shareholding companies limited, attention should be paid to making shareholding available to their own staff members and workers. The establishment of the shareholding system can start with staff members and workers holding shares. This should become the characteristic of socialist shareholding enterprises.

Beijing Residents' Committee Runs Services

HK1106062492 Beijing RENMIN RIBAO in Chinese 5 Jun 92 p 1

["Great World of Tertiary Industry" column by XINHUA reporters Yan Zhenguo (7051 2182 0948) and Ni Xiaolin (0242 1420 2651): "Service Center Amid Residential Buildings—How the Residents' Committee of Beijing's Ande Alley Runs Tertiary Industry"]

[Text] Editor's Note: Beginning today, this newspaper will introduce the column of "Great World of Tertiary Industry," which will mirror all aspects of the tertiary industry now ascending in China. The articles in this column will introduce good practices and experience of the tertiary industry run by various localities with lively and concrete facts, and the various kinds of burgeoning trades and new-type businesses emerging in the service sector. Through this column, readers may see that the service sector is an extensive and wide-ranging industry, and there are extremely broad prospects for its further development. [end editor's note]

There are 734 households residing in Ande Alley of Beijing's Dongcheng District. Any one of them who need people to wash quilts or clean rooms only has to register at the residents' committee, and the "public" housekeepers will go to the registrar's house to provide service as required for only one yuan per hour. Residents living here can buy fresh meat and have their hair cut or clothes made in the vicinity.... The services run by the residents' committee have made things very convenient for the residents.

Some Elderly Women Set Up a Shop

A few years ago, people living in the district of Ande Alley had to go a long way to buy meat and vegetables, or have haircuts. Children of some families were left alone, and old people were unattended to, which was a constant worry of the younger generation. In view of these problems, Auntie Yao Jinlan, director of the residents' committee, felt uneasy and her enthusiasm was aroused. She discussed the matter with some elderly women and decided to set up a small shop for convenience sake. In this way, Ande Residents' Committee established a shop and a nursery in 1984. Not long afterwards, with the help of the streets and civil affairs departments, they built a

two-storey building with the shop's accumulated profits, and Ande Alley Comprehensive Service Center was officially founded.

Today, the center has 22 services, including a restaurant, a tailor, a barber, an electrical appliance repair shop, a meat stall, a nursery, a home for the aged, a Red Cross medical center, "public" housekeepers, a milk center, pedicabs, a small canteen, household sickbeds (doctors visit patients at home), small bathrooms, and so on. Of the services, seven have economic incomes, and two assume sole responsibilities for their own profits and losses. Employees From Various Parts of the Country Play Their Part Here [subhead]

Walking into the comprehensive service building, the reporters saw three gray-haired old ladies sitting in a clean room chatting. Beside their three beds, there was a small bed for the nurse who took care of them. This is the home for the aged, which many people have applied to live in and are on the waiting list. The old grandame Shi, 94, has lived there happily for two years because her sons and daughters are also advanced in age and unable to look after her. There are nine beds in the home for the aged. Some inmates live here day and night, while others only during the day. They are attended by two nurses.

Like these two nurses, most of the 60 people working in the service center are employees from other parts of the country. The two "public" housekeepers came from Sichuan, and their monthly income ranges from 180 to 200 yuan. The girl there made full use of her leisure time to look after children as a temporary job in order to earn additional income. Those busy working in the tailor's shop are from Zhejiang.

The People Are Subsisted by the People Themselves Like a Rolling Snowball

It is justifiable for an enterprise to make profits, and this is precisely where the vitality of the service center lies. Residents enjoy the services, and they must pay for the time they save and the convenience given to them. This has also provided income and accumulation to the comprehensive service center. Its revenue reached 50,000 yuan a year. It is because of the profits that has made the services increasingly flourishing and has laid the subsistence foundation for the free service items such as the small canteen and the red-cross medical center. Recently, the service center bought a car with its reserves to carry goods and serve as an ambulance for the residents.

Certainly, residents' committees lack actual strength as possessed by enterprises or government organs to run the tertiary industry, so they must be supported by society. The practical things which Ande Alley Residents' Committee has done for the residents in recent years have been backed up by the local units. A short time ago, the residents' committee was planning to expand the services and, on hearing the news, the beneficiaries' units voluntarily offered help by promising to provide funds and work force.

Ande Alley Service Center, which is a business establishment still at its initial development stage, can employ 60 people, so the 349 residents committees in Beijing's Dongcheng District are capable of providing jobs for 21,150 people. Then how many job opportunities will there be in Beijing and the entire country?

Commentary Encourages Private Tertiary Businesses

HK1106094592 Beijing RENMIN RIBAO in Chinese 5 Jun 92 p 1

[Commentator's article: "Persist in Running State, Collective, and Individual Enterprises Simultaneously"]

[Text] The acceleration of the development of tertiary industry requires comparatively more capital inputs and construction of a large number of infrastructure facilities that the state is not in a position to undertake totally by itself, and the tertiary industrial departments themselves also find it difficult to take on the matter entirely. Hence, it is an endeavor for everybody that calls for all of us to act with concerted effort.

Of course, there is no shirking the government's responsibility. Preferential policies should be adopted toward tertiary industry, and more capital should be put in. Tertiary industrial departments also have unshirkable duties. They should increase economic returns and accumulation, and expedite development. With everyone's efforts, we can adhere to the principle of making concerted efforts with the state, collectives, and individuals, and mobilize extensively the strength of society to make respective contributions by providing money, manpower, buildings, and land, and thereby speeding up the development of tertiary industry.

There is great potential in running tertiary industries on the strength of society; hence, there is a lot to accomplish. Without taking a single cent from the state, some elderly women in Beijing's Ande Alley Residents' Committee set up a service center with 22 service items. The strength of departments and enterprises should certainly be much greater than a residents' committee! At present, enterprises generally shoulder the heavy burden of running social undertakings, which has restricted enhancement of their economic results. In deepening enterprise reform, they again encounter the difficult problem of finding a way out for excess staff. Running tertiary industry that is oriented to the needs of society is a means by which to increase the enterprises' economic results and deepen enterprise reform. On the one hand, we should incrementally open to society services originally provided only to the enterprises' staff and workers, and from this services should proceed to become business operations of an enterprise nature; on the other hand, we should organize excess personnel to set up more tertiary industrial undertakings to serve society. This will certainly be good for both the enterprises and society.

The individual and private economic sectors are indispensable forces for developing tertiary industry. At

present, people in many cities have solved difficulties in making meals, shopping, and repairs, which has benefited to a great extent from the development of the self-employed and private service sectors.

Self-employed and private businesses are a necessary supplement to the socialist economy, and it is the state's unswerving principle to support the healthy development of such businesses. Some service trades in tertiary industry, such as catering, repairs, and retail shops have as special features low capital and decentralized management, which make them suitable for individual and private operation. Therefore, we should continue to encourage them to further develop their businesses, create for them a favorable social environment, foster their efforts to increase accumulation, set up new service items, and expand their business scope.

The crux of mobilizing social forces to run tertiary industry lies in emancipating the mind and relaxing controls on policies. We should do away with the concept of relying on the state to undertake everything by itself. Instead, we must depend mainly on ourselves, break with the concept of discriminating against the self-employed and private businesses for not being "large in size and collective in nature"; help the individual, private, and collective sectors go into action to boost tertiary industry; break with the concept of looking down upon the service sector; and take the promotion of tertiary industrial development as a task of top priority. We should further relax policy controls on developing tertiary industry. With regard to state enterprises, we should support their in-depth reform, the transformation of their operational mechanisms, and increase in their competitive power in the market. With regard to general services trades, while strengthening their management, we should give them a free hand to do business. And with regard to trades that have a bearing on the national economy and people's lives, such as banking, post and telecommunications, air traffic, railway transport, and so on, we should also introduce competition mechanisms and break trade monopolies [long duan 1096 2451]. We should relax price controls step by step and bring the regulatory role of the law of value into full play so that tertiary industry will grow steadily in market competition.

'Prosperous' Consumer Cooperative Described

HK1006151792 Beijing RENMIN RIBAO in Chinese 6 Jun 92 p 2

["Special article" by XINHUA reporters Ni Xiaolin (0242 1420 2651) and Yan Zhenguo (7051 2182 0948): "Prosperous Tiantan Neighborhood Consumer Cooperative"]

[Text] Where does the money come from to develop the tertiary industry? Tiantan, Beijing, has set up a consumer cooperative established and run by neighborhood residents with their own money for their own use and without spending state money at all. After four years or so of development, the cooperative's business income amounts to 3 million yuan and all 21,000 households throughout the neighborhood have been benefited.

In 1988, market prices fluctuated comparatively greatly and consumers were uncertain about whether or not oil, salt, sauce, and vinegar for their consumption would appear regularly on the market in future. The persons in charge of Tiantan came to understand that reform had brought the people material benefits as well as risks. With a view to strengthening residents' capability to withstand market changes, they drew on foreign experiences and decided to set up a consumer cooperative whose shares might be voluntarily bought by consumers and which would operate some services. What is taken from the people is used in the interests of the people.

The establishment of Tiantan Consumer Cooperative was announced in April 1988. Many people became shareholders of the cooperative and residents of 900 households became shareholders in the initial opening period. Meanwhile, the cooperative also raised part of its capital in society in other forms. Subsequently, on the foundation of the former small convenience shops of the neighborhood, the cooperative has set up a network of some 60 shops, which include retailers, restaurants, repair shops, and tailors. They provide 10,000 people from the locality with services each day. In a year, the shareholders can share a dividend which accounts for 16 percent of their capital stock.

When you go into the district you can often see such a scene. Consumers push their bicycles to a repair shop, say hello to the shopkeeper, and return home. They can fetch their repaired bicycles from the shop at a specified time upon payment. The operators of the network of shops are fundamentally residents of the neighborhood and some of them are retired staff members and workers, young people awaiting jobs, and individual workers from other places. This really embodies the principle that the cooperative is run by its members for their own use. To intensify the management of the cooperative, a cooperative members' management committee has been set up. What residents' require of the network of cooperative shops, what commodities are needed, and how the cooperative is operated can be passed on through the committee for improvement.

The greatest feature of the commercial network of shops is that the cooperative is run by the people for their use and for the convenience of residents. These shops almost have no fixed business hours: some open before dawn, some open until late at night, some open again if residents require and ask although they have closed. In other words, residents can buy things at night. Everyday at 1600 hours, peddlers push their carts from shops to lanes and streets to hawk their wares and deliver soap, towels, washing powder, soy sauce, and vinegar to consumers. The masses say that the shops they run by themselves are convenient for them. So far as the repair of domestic electric appliances is concerned, a consumer

is given a guarantee card after a domestic electrical appliance has been repaired and the price is negotiated by both parties.

The accumulation of this consumer cooperative has unremittingly increased and the cooperative has set up a branch in a residents' committee. Development is no longer confined to commerce, catering trade, and service trades but has been extended to high science and technology industries and cultural work. In this way, the residents have more chances for employment. According to statistics, the network of 40 shops established in 1988 has taken in 140 laborers, some 30 of whom are retired staff members and workers.

Commentary Praises Consumer Cooperative

HK1006151892 Beijing RENMIN RIBAO in Chinese 6 Jun 92 p 2

[Commentator's article: "Run Tertiary Industries Through Multiple Channels"]

[Text] The residents of Tiantan, Beijing, voluntarily raised funds, bought shares, and have set up a consumer cooperative, which has run a number of services, thus making things convenient for themselves, strengthening their ability to adapt to market fluctuations, increasing income, and providing society with services. Here, the residents are consumers as well as investors. It enlightens us that pooling a part of consumer savings to invest in many forms is a method for speeding up the development of tertiary industries.

The acceleration of the development of tertiary industries is the work of whole society as well as the work of the common people themselves. The state must make investment, enterprises must make investment, and ordinary people can also make some investment. In the wake of economic construction and the development of reform and opening up, the people's living standards have been enhanced comparatively greatly and ordinary people in the majority of places have more money. By pooling a part of the common people's savings to run tertiary industries, we can alleviate difficulties in the shortage of funds, quicken the development of tertiary industries, and increase the income of ordinary people. This is a good thing that is beneficial to the state and people.

Consumers are allowed to make investments in order open up many kinds of investment channels. We can run consumer cooperatives of a mutual-aid cooperation nature, which are run by ourselves for our own use; we can run enterprises under the shareholding system, which are run with capital raised in society and provide society with services. The shareholding system is an effective mode of pooling the capital of society as well as a form of enterprise organization in the modern commodity economy. To accelerate the development of tertiary industries, we must vigorously utilize the shareholding system form, pool the money of thousands upon thousands of consumers, and invest it in projects that urgently need development. In this way, we can develop tertiary industries more quickly, speed up the transformation of the enterprise mechanism, enhance the efficiency of tertiary industries, heighten citizens' awareness of accumulation and investment, and increase citizens' concern for assets. We must also encourage some people to invest in individual or private undertakings of tertiary industries. The issuing of bonds and debentures is also a form of pooling funds in society to run tertiary industries. The more channels there are to pool funds in, the more funds will be pooled and the more quickly tertiary industries will develop.

In the past, we used to adopt the method that the state alone was responsible for the development of tertiary industries, that was, "I run tertiary industries for your use" not "you run tertiary industries for your use" and "people run tertiary industries for their use." Consequently, the state had no ability to be responsible, tertiary industries developed slowly, and the masses' enthusiasm for investment was suppressed. At present, in the face of the urgent task of accelerating the development of tertiary industries, we must emancipate our minds; state, collectives, and individuals must go into action together; consumers must run tertiary industries for their own use; the whole society must run them for its use; and the people must support themselves. We must really relax policies, encourage ordinary people to invest in tertiary industries, give everyone a free hand in running tertiary industry, and allow investors to have good prospects for gain. Policies must be stabilized to enhance people's confidence in investment. In short, our train of thought must be slightly broader, our methods a little more, and our strides slightly bigger, in this issue of developing tertiary industries.

Individual, Private Economy's Progress, Prospects

HK1206080792 Beijing RENMIN RIBAO in Chinese 1 Jun 92 p 5

[Article by the China Society of Historical Materialism Committee for Investigation of the National Situation's Individual and Private Economy Study Department: "A Third Force Not To Be Neglected—Investigation of Individual, Private Economy"]

[Text] How we look upon the economy's individual and private sectors is an old question which has been discussed for many years. Today, under the new situation that the whole nation is studying Comrade Xiaoping's speeches and discussing measures for further accelerating the pace of reform and opening up, to discuss this question again is of new theoretical and practical significance.

Development of Individual and Private Economic Sectors in the 1980s

The 1980s was a golden time for reform and opening up and for the unprecedented development of the individual and private economic sectors. Reform and opening up have brought about great changes in the

social life and relations of our times and a great development of the commodity economy, thus providing the individual and private economic sectors with a vast space for development. In as little as more than 10 years, the individual and private economic sectors were developing at an amazing speed and became a force not to be neglected in socioeconomic life.

1. The ranks are growing rapidly. In 1978, there were only 150,000 households and 150,000 people engaged in individual and private businesses in urban and rural areas throughout the country. Now there are more than 13 million households and 21 million people. The greatest numbers were 14.5 million households and 23 million people in 1988. Private enterprises have developed from scratch. Now there are 100,000 private enterprises throughout the country, which employ over 2 million people. In addition, it is estimated that there are no less than 200,000 private enterprises with "red caps" [referring to state-owned enterprises contracted by private enterprises or individuals]. With the growing of their ranks, some important changes have also taken place in the personnel composition of the households engaging in individual and private businesses. First, an increasing number of young people in the cities, towns, and rural areas, who have received better education, are replacing those originally unoccupied people in society and forming the main body of the economy's individual sector. Second, large numbers of resigned workers, who have mastered certain professional knowledge and skills and have the experience of operation and management, have joined the ranks of the individual and private economy. Thus, the overall cultural composition and average quality of the individual and private economic sectors have been greatly improved and their operation and management levels have been greatly increased. Quite a few individual businesses and private enterprises are rising rapidly amid market competition through their honest labor and management. They represent the tide of our great era.

2. The trade sphere is continuously expanding. In the first years when the development of the individual economy was resumed, the individual households were mainly engaged in circulation trades. More than 60 percent of the individual households were engaged in commercial and retail businesses, and most of the rest were engaged in catering, service, and repair businesses. In recent years, with changes taking place in the personnel composition of the individual households and the strengthening of their economic strength, the sphere of the trades they are engaged in has rapidly expanded. Many individual households are engaged in industrial production, communications and transportation, construction and renovation, cultural undertakings, and other trades; and some new trades, such as science and technological development, information consultation, artistic decoration, and advertising design, have also appeared. In Beijing, Wuhan, Nanjing, Shanghai, Shenzhen, and other cities, some individual households and private enterprises have begun to set foot in the high tech sphere, and a number of individual households specializing in science and technology and private enterprises specializing in high tech development have emerged.

3. The operation scale has been expanding yearly. In 1981, the total registered capital of individual households was only 460 million yuan, at an average of 250 yuan per household, and their volume of business was 2.11 billion yuan, at an average of 1,156 yuan per household. In 1990, the registered capital reached 39.74 billion yuan, an average of 2,992 yuan per household, and the volume of business reached 149.22 billion yuan, an average of 11,234 yuan per households; both increased 275 percent. In 1988, the total registered capital of the private enterprises, which employed a total of 724,000 workers, was 3.29 billion yuan, at an average of 81,000 yuan and 17.8 workers for each. But in 1990, their total registered capital reached 9.52 billion yuan, at an average of 970,000 yuan and 15.1 workers for each. Their sales volume reached 17.32 billion yuan, an average of 1.77 million yuan each. According to an investigation of a relevant department, there were dozens of private enterprises throughout the country whose annual sales volume had reached more than 10 million yuan, and a few had even reached more than 100 million yuan and joined the ranks of large and medium enterprises.

4. The ways and grade of operation have both markedly increased. With the expansion of their operation scale and the increase of their economic strength in the past years, some new changes have also taken place in the ways of operation and the grade of operation in the individual households to meet development and competition needs. First, decentralized operation has been changed into centralized operation, and many specialized business streets and shopping arcades run by individual households have been established. Second, household operation has been changed into socialized and cooperative operation, and some have developed into private enterprises. Third, general operation has been switched to professional operation with distinguishing features and personality, and the goods handled have also been changed from those of average quality to intermediate and high-grade products. At the same time, some individual households with greater economic strength have begun to change themselves from the type of enterprises mainly engaging in circulation into industrial enterprises. In the coastal open areas, some individual households and private enterprises have begun to develop into export-oriented enterprises. A number of export- oriented individual households and private enterprises have emerged.

Through the development in the past 10-odd years, the individual and private economic sectors are playing important roles and occupying an important position in China's economic life. In 1990, there were 10.054 million individual business networks and points throughout the country, which were engaged in commercial and catering businesses and the service trade, making up 84.8 percent of the total business networks and points in

society. Their retail sales volume reached 156.96 billion yuan, making up 18.9 percent of the national total volume of retail sales, and their total industrial output value reached 129.03 billion yuan, making up 5.39 percent of the national total or equal to the total industrial output value of seven western provinces and regions—Yunnan, Guizhou, Tibet, Gansu, Ningxia, Xinjiang, and Qinghai—in the same year. Taxes from the individual economic sectors reached 14.7 billion yuan, making up 5.13 percent of the state's total tax revenue. The individual and private economic sectors have become a veritable third force in the national economy.

How To Look Upon the Roles and Nature of the Individual and Private Economic Sectors

The 13th CPC National Congress report fully affirmed the roles played by the individual and private economic sectors in the initial stage of socialism. It clearly pointed out that they are "necessary and helpful supplements to the public owned economy." Practice proves that this thesis is correct. The "supplementary" roles played by the individual and private economic sectors are mainly expressed by the following:

First, they make things convenient for the people in their daily life, invigorate market circulation, and promote the development of social productive forces. Before reform and opening up, China's tertiary industry was developing very slowly. It was a fact known to all that people found it difficult to "get food and clothing" and to "have their things repaired." After the individual economy was restored in cities and the countryside, the tertiary industry's development rapidly improved. The number of business networks and points for retail business, catering trade, and service trade in China increased from 1.25 million in 1978 to 11.86 million in 1990, and their employees increased from 6.07 million to 29.09 million. The average number of customers served by each employee dropped respectively from 215 (in retail business), 922 (in catering trade), and 1,719 (in repair business) in 1978 to 55, 276, and 284 in 1990. In the newly emerged social service networks and points, those run by individual households made up 93 percent. By implementing a correct policy, the state was able to rapidly boost the development of the tertiary industry without making big investments, which also ensured the healthy development of the entire national economy.

Second, more employment opportunities were created, which reduced the state's burden and renewed the employment concept. Relevant materials show that from 1978 to 1990, the number of employees in units under the ownership by the whole people increased by 31.5 million and the investment in their fixed assets increased 1,993.8 billion yuan. In the same period, the employees of individual households also increased by 20.7 million, or by nearly 23 million if those of private enterprises were included. The state did not make any direct investment. It only provided them with some preferential policies and places for production and operation. Moreover and to a great extent, the development of the individual and private economic sectors had changed the people's employment concept. Seeking employment by one's own efforts became a new and fashionable practice. Undoubtedly, this was of great significance to reducing the state's burdens and maintaining stability in society.

Third, the state's revenues were increased, and there was one more path to make the country prosperous and the people rich. The individual economy's restoration and development had not only brought about considerable economic income to individual operators but also had brought about tens of billions yuan of revenue to the state. During the "Seventh Five-Year Plan," total tax collected from the individual households reached 49.7 billion yuan. But in 1991 alone, 17 billion yuan was collected. Adding tax revenue from private enterprises, total tax revenue reached more than 20 billion yuan. This is an important tax fund in the state's total tax revenue, which cannot be neglected.

Fourth, the commodity economy concept was disseminated and a group of people who were capable of carrying out operation and management in developing the commodity economy and who were technologically qualified were brought up and trained. The individual and private economic sectors' development provides individual operators with a large stage so they can withstand tests and increase ability in the changeable markets. Large numbers of talents, who are capable of carrying out operations and management, have thus been trained and brought up to suit the commodity economy's needs. Today, we can find their footprints in all corners of the country. An investigation of a relevant department shows that in recent years, some 300,000 individual households from other provinces and regions have come to Guizhou. In Inner Mongolia, Gansu, Qinghai, and Tibet, there are also large numbers of individual households from south China areas. In Lhasa alone, there are more than 1,000 individual households from other areas. The individual households have not only directly promoted the development of the commodity economy in these areas but also have brought advanced technologies, operation and management methods, and the commodity economy concept. They have thus influenced and brought along the development of the individual and private economic sectors in these areas. Especially, in the areas inhabited by minority nationalities, which lacked a commodity economy tradition, the exemplary role played by the individual households from other areas in promoting economic development has, undoubtedly, become a positive factor promoting the commodity economy's development in these areas.

Fifth, the "iron rice bowl" and the work style of "official business" have been battered and an objective situation of competition has been created. The individual economy's emergence ended the monopoly by "official business." With its flexible operation forms and better service, it has greatly battered state- owned and collective commerce, putting the latter "under the attacking army's

siege." The pressure and challenge from the individual economy force the state-owned and collective commercial departments to improve their operation forms and means and service attitude. Thus, a situation of competition has naturally appeared in economic life. This kind of competition is the condition and source for the entire economic life to maintain its vigor. In this sense, the individual and private economic sectors are not only playing a supplementary role of making good deficiencies but also are playing a necessary and helpful supplementary role in structure and mechanism.

Of course, this does not mean that all influences of the individual and private economic sectors are positive. Because of the immaturity in their development and the existing problems in our management, they have also brought about some negative influences on our social economic life. However, we should not negate their positive role in the initial stage of socialism because of there negative influences, nor should we simply regard them as an alien force incompatible with the socialist public economy.

Problems and Development Prospects of Individual and Private Economic Sectors

In the 1990s, China's economic and social development has entered a crucial period. Undoubtedly, whether the individual and private economic sectors can be pushed to a new stage and continue to play a positive role in creating more employment opportunities for society, developing the commodity economy, and supporting economic growth will be important factors in our efforts to achieve the magnificent objective of enabling the whole people to lead a relatively comfortable life.

At present, there are three main factors affecting the individual economy's healthy development. First, there are problems in the individual households themselves, such as confused market action, tax evasion, the short-term mentality, and the strong trend of consumption. These problems have seriously damaged the social image of individual households and affected their social appraisal, making them unable to develop healthily. Second, there are problems in management, such as the ineffective management structure; the overlapping policymaking departments, the substitution of collection of fees for management [yi fei dai guan 0110 6316 0108 4619]; and all kinds of arbitrary collection of charges, imposition of fines, and financial apportioning, which run rampant everywhere. In addition, the relevant policies, laws, and regulations are still imperfect and uncoordinated. They are also detrimental to the individual economy's healthy development. Third, as some people in society still have all kinds of misgivings about or even bias against the development of the individual and private economic sectors, they dare not or are unwilling to plan for their long-term development.

There are reasons in the individual households themselves and reasons in the objective social environment for the problems existing and exposed in the course of developing the individual and private economic sectors. In the past 10-odd years, although in our policy, the individual and private economic sectors' development was allowed and encouraged, in the major socioeconomic environment as a whole, there were no relevant spaces or regulations for their subsistence and development. For example, in bank credit, energy and raw material supply, and the use of land, no normal channels were provided for the individual and private economic sectors, which could only seek subsistence in a narrow space. On the other hand, the existence of a double-track planning and pricing system provided some lawbreaking individual households with an opportunity to rapidly rake in exorbitant profits through various abnormal channels. To a certain extent, this had also disturbed the market order and corrupted social values.

Fundamentally speaking, the individual and private economic sectors' immaturity and imperfection reflect the immaturity and imperfection of China's commodity economy in the current stage. Therefore, to achieve the individual and private economic sectors' healthy development, it is necessary to offer positive policy guidance and gradually perfect our management system. The individual households and owners of private enterprises should also restrain and improve their conduct. But fundamentally speaking, all this depends on the gradual maturity of the market, the continuous improvement of the market regulations, and eventually, the establishment of a new socialist commodity economy structure. In this sense, the fundamental problems facing the individual and private economic sectors at present and in the future are also fundamental problems facing the Chinese economy.

Li Peng, Chen Junsheng Urge Straw for Feed

OW0906100792 Beijing XINHUA Domestic Service in Chinese 2111 GMT 8 Jun 92

[By reporter Yan Wenbin (0917 2429 2430)]

[Excerpts] Beijing, 9 June (XINHUA)—More and more people are feeding cattle with straw in China. The practice has become an important way for peasants to become well-off in Henan, Hebei, Shandong, Anhui, Liaoning, Jilin, and Sichuan Provinces. [passage omitted]

Central leading comrades fully affirm the development. State Councillor Chen Junsheng wrote a detailed investigation report on the practice in Zhoukou Prefecture of Henan Province. He pointed out in his report: Raising cattle with straw in rural areas is significant in five respects. First, it saves a large quantity of food grain. Second, it can promote crop cultivation. Third, it reduces environmental pollution. Fourth, it helps improve the quality of people's food. Fifth, it helps peasants become well-off.

Premier Li Peng spoke highly of the investigation report. He said in his written comments on the report: "This is an inspiring report. To feed cattle with straw and use cattle dung as manure is an important way for peasants to become well-off. Cattle have a high economic value. The practice can increase beef output and thereby help improve the quality of food of both urban and rural residents. It has several benefits, including environmental protection. The Zhoukou experience should be popularized by all localities in consideration of their own realities."

It is reported that in an effort to popularize the practice, the State Council has decided to appropriate some 10 million yuan from the State Comprehensive Agricultural Development Fund to support Hebei, Henan, Shandong, Anhui and six other provinces in building demonstration counties for raising cattle with straw to help the technique spread to nearby areas. During the Eighth Five-Year Plan period, the State Planning Commission will arrange a total of 70 demonstration counties for the practice.

East Region

Lu Rongjing Briefs Reporters on Disaster Recovery

OW1106150992 Hefei ANHUI RIBAO in Chinese 5 Jun 92 p 1

["Reporters From Three Central Stations Begin Reporting Activities on 'Looking at Anhui One Year After the Disasters'"]

[Text] A delegation of 32 reporters from the Central People's Broadcasting Station, the China Central Television Station, and the China International Broadcasting Station arrived in Hefei on the afternoon of 4 June. Leading comrades, including Lu Rongjing, secretary of the provincial party committee; Yang Yongliang, the deputy party secretary; Vice Governor Wu Changqi; Niu Xiaomei and Dou Yongji, the head and deputy head of the propaganda department of the provincial party committee, respectively; and Zhu Zhaojin, director of the radio and television department, called on the delegation at Qiyun Villa and gave them a briefing on Anhui's recovery, development, reform, and openness after the disasters. They warmly welcomed the delegation and sincerely thanked them for reporting in Anhui.

Reporters from the three stations will be divided into groups to report on the theme "Looking at Anhui One Year After the Disasters" in the Huaihe and Changjiang regions, Hefei, Huangshan, and Chuxian. The reporting activities of the reporters will last for about 10 days. They will concentrate more on publicizing and reporting Anhui's new situation in resumed development, deepened reform, and increasing openness after the disasters.

Chen Huanyou on Role of Market Forces in Jiangsu

OW1206103392 Beijing XINHUA in English 0944 GMT 12 Jun 92

[Text] Nanjing, June 12 (XINHUA)—Market forces will play a major role while centralized planning will be got rid of gradually in Jiangsu, a leading province in east China, Governor Chen Huanyou announced today.

Chen said in an exclusive interview with XINHUA that the province is building a new mechanism of economic operation with market regulation constituting an important aspect.

"We will extend the scope of market regulation and open prices step by step and, this year, the share of market price will increase from 70 percent last year to over 80 percent this year," the governor said.

He added that in the next few years the province will set free most commodity prices except for the few affecting coal, cotton, oil and steel.

"We want enterprises to decide the prices of their products in accordance with laws of value, supply and demand and establish price management systems," he said.

Chen Huanyou said that Jiangsu plans to build some multifunction wholesale markets for regional and national services in a bid to accelerate development of its economy.

He said that the relatively rapidly-developing economy of the province should be ascribed to the role of market regulation. It accounted for 90 percent in industrial production and the distribution of major materials. The number of state-owned industrial enterprises accounted for only 10 percent while collective enterprises made up 90 percent.

In order to build the new initiatives, there needs to be more deep-going industrial enterprise reform, to speed up the transfer of enterprise operational mechanisms and to push the enterprises to the market.

The provincial government has selected 45 large and medium-sized enterprises for total input and output contracting responsibility and 10 others for shareholding experiments, he disclosed.

Shanghai Tape Company Begins Issuing Shares

OW1206111692 Beijing XINHUA in English 1036 GMT 12 Jun 92

[Text] Shanghai, June 12 (XINHUA)—The Shanghai Rubberized Tape Co Ltd has started to issue A- and B-shares worth 35 million yuan (about 6.3 million U.S. dollars).

The company, which is one of the 200 largest enterprises in Shanghai, has become the first listed company among the country's rubberized manufacturers.

Over the past three years, the company has taken over three factories and greatly increased its production and its sales in the market, both domestic and overseas.

The company operated well during the 1989-1991 period. Since it will issue B shares and has been registered in the Pudong New Area, the company is to enjoy many preferential policies.

The company is expected to increase production by 15-20 percent in the coming three years.

Shanghai To Establish Tourism Zone for Foreigners

OW1206092192 Beijing XINHUA in English 0843 GMT 12 Jun 92

[Text] Shanghai, June 12 (XINHUA)—Dao Shuming, vice director of the Shanghai Tourism Administration, said today that Shanghai, China's leading city, has decided to open a 14.7 sq [square] km special tourism zone for foreigners on Hengsha Island at the mouth of the Yangtze River.

An entertainment center, an international yacht club, an night club, a shooting range and holiday villas will be built inside the zone.

To attract more foreign visitors, Shanghai has decided to hold a series of tourism programs during the second half of 1992, such as the Huangpu River tourism festival, Shanghai food festival, and international shopping festival.

The number of visitors to Shanghai during the first four months of 1992 overpassed 320,000, and earnings from tourism stood at 804 million yuan in foreign exchange.

Construction in Zhejiang's Wenzhou in 'Full Swing'

OW1206084492 Beijing XINHUA in English 0753 GMT 12 Jun 92

[Text] Hangzhou, June 12 (XINHUA)—The construction of the Wenzhou Economic and Technological Development Zone in east China's Zhejiang Province is in full swing, and it has attracted 50 projects worth 162 million yuan since the second stage was started in March this year.

Land preparation has been completed, a 20,000-ton water supply plant and sewerage disposal system built and telecommunications facilities installed in the 1.8-square kilometer area. Some 75,000 square meters of workshops are ready and more under way.

A highway and a bridge over the Oujiang River will be started within the year and a special power grid put in place.

Approval for the development to further boost Wenzhou's economy was given by the central government after a strong showing by enterprises already established in the zone.

Comprising local concerns and including 29 foreign funded projects, the enterprises had contributed 18.39 million yuan in exports at the beginning of this year.

The zone has also signed a 115-million-yuan contract for the lease of land by a domestic chemical industrial company.

Wenzhou's mayor, Chen Wenxian, says that the development zone will introduce a lot of hi-tech and export-oriented projects in the next decade and predicts further expansion.

Central-South Region

Guangdong's Zhu Jiang Delta Economy Viewed

HK1206032992 Beijing RENMIN RIBAO in Chinese 4 Jun 92 p 2

[Article by staff reporters Wu Changsheng (0702 7022 3932) and Jiang Yaping (5592 0068 1627): "Zhu Jiang Takes Lead—Commentary on Guangdong's Economic Development"]

[Text] "If all works this way, there will be hope for China." Some scholars engaged in economic studies had this impression of Guangdong.

"It is really like visiting abroad." Those visiting Guangdong on their first occasion could not help sighing.

"There are new discoveries every time we go there." Almost all reporters covering Guangdong for more than one occasion have such a feeling.

All such feelings are based on the following fact: Within a short period of a decade or so, Guangdong, the Zhu Jiang delta in particular, has undergone eye-catching tremendous changes, bringing forth affluence, vitality, and prosperity which the Chinese people have long sought for hundreds of years.

Disappearing Villages, Remolding of Earth Surface

The rural industrialization and urbanization wave has promoted social and economic development of the Zhu Jiang delta to an unprecedented height.

The unprecedented wealth and opportunity not only allow the innovative vitality and creativity of the local inhabitants to blossom, but, like a magnetic, also attract a flow of laborers from other parts of the country to the south.

The northward flow of Guangdong products is irresistible.

Human resources, capital, technology, materials, and all kinds of economic development resources have flowed to Guangdong from abroad and other parts of the country. These resources are reorganized, allowed to mature and develop, and incremented here.

The whole area is remolded. An increasingly expanding industrial zone is taking shape on both sides of the 100-odd km highways from Guangzhou to Shenzhen and from Guangzhou to Zhuhai. Almost all the cities and towns are expanding drastically. The traditional villages and peasants are vanishing.

Neon lights, cars, buildings.... can be seen everywhere in the delta. Prosperity of the 200-odd newly emerged small towns has far exceeded the large county seats in the north.

"Efficiency means money and time means life." The motto which the Shenzhen Special Economic Zone used a decade ago to win its reputation has been transfused into the blood of the Zhu Jiang people.

The latest report from Dongguan said that the city invested 4 billion yuan to build a new town. Li Guikang, secretary general of the city party committee, told us confidently: By the end of the century, we will strive to build Dongguan into a "Los Angeles in the East."

There are two four-star hotels in the center of Zhongshan. At night, the bright lights present a scene of exceptional charm. The luxurious shops along the main street, the commodities displayed in the showcases, and the ingenious designs are by no means secondary to the noted commercial streets in Beijing and Shanghai.

Shunde is known as the country's biggest economic county, with an annual revenue of 400 million yuan. It has just become a county-level city and produces one-third of the electric cookers; one-fourth of its electric fans; one-fourth of the microwave ovens; and a considerable amount of refrigerators, water heaters, and gas stoves for the 1.1 billion Chinese people.

We have visited the Zhu Jiang delta several times in recent years and every time we come there are new discoveries and feelings.

The highway has been expanded a third time. Program-controlled telephones stream into every corner of the delta and to the peasants' households. To date, Guangdong has 32,000 cellular telephones and around 400,000 pagers, respectively accounting for 50 percent and one-third of the country's total.

The economy is far from traditional. Agriculture and industry, the rural and urban areas, and the peasants and workers are closely integrated. The gap between urban and rural areas is narrowing and vanishing. The rhythm of operation is speeding up. Reversion of far-reaching significance has even occurred in some areas.

In Baoan, around 1,100 inhabitants who have obtained urban residences applied to the county magistrate, strongly requesting restoral to their former status.

The Guangdong people are rewriting history.

Information About Guangdong's Contributions

It is an irrefutable fact that Guangdong has become affluent and Zhu Jiang delta's social economy has developed by leaps and bounds.

Following the titles captured in gross national product [GNP], national income, volume of exports, foreign exchange, and import of foreign capital, Guangdong made still further progress in 1990 and gained the most revenue out of 30 provinces, autonomous regions, and municipalities throughout the country, except Taiwan.

Within a short period of only a decade or so, Guangdong's budgetary revenue increased from 3.428 billion yuan in 1979 to over 10 billion yuan in 1991, an annual increase of around 12 percent.

During the same period, revenue delivered by Guangdong to the central government increased from 0.817 billion yuan to around 6 billion yuan, an annual increase of around 20 percent, far exceeding the growth in Guangdong's revenue.

Guangdong people are also proud of the following figures:

Guangdong's investment in fixed assets totaled over 200 billion yuan over the past 12 years, an annual average of around 20 billion yuan. Direct investment by the central departments accounted for 15 percent while the rest was pooled by Guangdong.

Earnings delivered by the central enterprises in Guangdong to the state increased by a wide margin. The amount delivered by the customs, banks, and insurance companies directly to the state totaled over 10 billion yuan in 1991, a 20-fold increase over 1979. The amount delivered to the state over the past decade totaled around 70 billion yuan.

Guangdong's foreign exchange earned through exports accounts for around one-fourth of the country's total.

Thanks to implementation of the financial contract system, the increase in expenditure over the past decade caused by the central government policies was almost all settled by Guangdong, which amounted to an annual average of 1 billion yuan.

Guangdong has become an unparalleled factor in China's economy.

Will Guangdong Become the Fifth Small Dragon?

Guangdong's rapid economic growth has raised many topics for research, one of which is related to the high economic growth rate.

China's GNP rose over 100 percent in the 1980's, an annual average increase of around 9 percent, which was generally acknowledged as a tremendous success in the world's economic development at that time.

The situation in Guangdong has been even more miraculous. During the 10 years, Guangdong's GNP rose around 7.2-fold, an annual average increase of over 20 percent.

In 1980, Guangdong's GNP and revenue accounted for only 5.4 percent and 4.1 percent, respectively, of the country's total. In 1990, however, the figures rose to 8.3 percent and 6.7 percent. The proportion of total industrial output value rose from 4.7 percent in 1980 to 7.9 percent.

Guangdong's economic growth not only far exceeded the countries and regions including South Korea, Singapore, and China's Taiwan Province, known as the "four small Asian dragons," whose economies grew fastest during the same period, but also surpassed the record growth of these countries and regions.

In the 1990's, Guangdong's economy indicated another uncontrollable momentum. Guangdong's GNP increased 13.5 percent in 1991. In the first quarter of this year, the growth again exceeded 20 percent.

Guangdong people are always calm when they discuss growth because such a development shows a rare good sign: Around half of the products are marketed abroad, economic development is growing simultaneously with construction of basic facilities, increase in revenue far exceeds the national average....

Guangdong's economic development indicates that a quick or slow rate cannot be regarded as a criterion. A

slow growth will not necessarily be good, while a quick growth will not necessarily be bad. Everything is determined by the quality of economic growth.

We can see the quality of China's economic growth and the potentials for the rapid growth from "Zhu Jiang which has taken the lead."

Guangdong Leads in Lifting State Prices for Grain

OW1206092392 Beijing XINHUA in English 0809 GMT 12 Jun 92

[Text] Guangzhou, June 12 (XINHUA)—State grain shops in Guangdong Province, China's reform pacemaker, have had a facelift since the raising of state prices for grain at the start of April.

Instead of selling only single variety rice of poor quality, the city's 270 state grain shops offer well-packaged quality imported rice in different varieties. Some even provided a home delivery service.

Ration coupons for grain which had been in use for 39 years, have been abandoned. The market is completely open and prices are regulated by consumer demand.

A local official said that the lifting of state grain price has not affected grain sales in major food shops.

Soon after the founding of the New China in 1949, the central government had to introduce a system of state monopoly for the purchase and marketing of grain to cope with shortages. It was appropriate for the time, but is now outmoded.

The practice was for farmers to produce grain to meet the volume and subsidies decreed by the central leadership, and not in line with market needs.

According to the official, the lifting of state grain price is the outcome of the reform of the system of grain purchase and sales.

With the economic development of the past decade, people's living standards have improved greatly although their annual consumption of grain has actually gone down. Surveys showed that consumers wanted to buy fresh quality rice rather than stored grain. They were prepared to pay higher prices for the better product.

The official noted that with the rise in state prices grain has reached its true level of value. This has met with the approval of farmers and at the same time forced state grain shops to improve their service and profitability.

Guangzhou Executes Criminals for Robbery, Murder

HK1106152392 Guangzhou YANGCHENG WANBAO in Chinese 3 Jun 92 p 1

[By Wang Pu (3769 2528) and Lin Zhu (2651 4554): "Six Criminals Executed in Guangzhou"]

[Text] This morning, Guangzhou City's Baiyun District People's Court held a meeting in Shijing township to pronounce death sentences according to law on Liu Xiqiang and five other criminals who were guilty of the crimes of theft and robbery. They were escorted to the execution ground and executed immediately.

Criminals Liu Xiqiang and Wang Dagang came respectively from Beijing and Tianjin. Since 1989, on many occasions in guest houses and hotels in Guangzhou and Zhongshan, they had collaborated with clandestine prostitutes and used females as bait to steal some 30,000 yuan and a large amount of property at knife point. They stabbed a man to death and seriously injured another. Since July 1990, Wang Zhuocheng, a citizen of Guangdong Province, had been to Guangfu and Yide Roads in Guangzhou City on 19 occasions, where he stole color television sets, generators, and choice seafood from some guest houses and restaurants; the stolen items were worth over 74,000 yuan. Wang spent the money earned from selling the stolen goods on drugs. Now these criminals have been executed.

Today, the Baiyun District People's Court also pronounced sentence terms ranging from 10 to 20 years on five prime culprits guilty of rape, robbery, and theft.

Hainan's Liu Jianfeng Views Vocational Education

HK1206103892 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 11 Jun 92

[Excerpt] The two-day provincial meeting on vocational and technical education ended in Haikou yesterday.

Leaders from the provincial party committee, people's congress, government, and Chinese People's Political Consultative Conference Liu Jianfeng, (Du Qingming), Pan Qiongxiong, Xin Yejiang, and Zhang Jintao attended.

At the closing meeting held yesterday afternoon, Governor Liu Jianfeng gave a speech. He said: Vocational and technical education concerns the quality of the whole nation. It is a modern omnidirectional education and a huge systematic project. Educational workers cannot accomplish such a project on their own. Leading cadres at all levels are duty bound to take principal charge of developing vocational and technical education.

He continued: The strategy adopted by China and other countries in the world to open to the outside world subjects Hainan to a grim test. Foreign investors must be guaranteed preferential policies and cheap and quality labor before they are willing to make investment. Therefore, we cannot merely rely upon preferential policies to attract foreign investors. Large-scale development and construction calls for a large number of proficient workers and reserve labor force with a fairly high cultural, moral, and technical level. We must take into account the need to develop Hainan's economy at an

above normal speed and to join in international competition in planning and developing our vocational and technical education.

Liu Jianfeng set three requirements.

1. It is necessary to bring vocational and technical education into line with the overall economic and social development plan so the vocational and technical education will meet the needs of economic development and the training of professional personnel will proceed hand in hand with or advance a little ahead of economic development.

2. It is necessary to draw motivation from reform to constantly raise [words indistinct] of vocational and technical education and to enable vocational and technical education to readily gear itself to local economic and social development.

3. Policies for vocational and technical education should be improved and reforms in related fields carried out. This is an important guarantee for smooth development of vocational and technical education. In the future, we must reform the enrollment system and graduate assignment system of various types of vocational and technical schools. In the meantime, we must reform the labor and personnel systems. [passage omitted]

SRV Weapons Reportedly Smuggled Into Hainan

HK1206095492 Hong Kong AFP in English 0917 GMT 12 June 92

[Text] Beijing, June 12 (AFP)—Vietnamese military guns are being smuggled into China's southern Hainan Province, where police are battling a surge in violent crime, an official newspaper received here Friday said.

"Since February this year, as exchanges between Vietnamese and Chinese increase, a big number of army guns have flowed into Hainan," the People's Public Security News [RENMIN GONGAN BAO] reported in its Thursday edition.

At the same time, violent crimes involving firearms have risen sharply, including murder and armed robbery, "seriously harming social stability," the paper said.

China and Vietnam normalized ties in November. Thousands of ethnic Chinese who fled Vietnam in the late 1970s when relations were frozen were settled in southern China, including Hainan.

Hainan police have broken up 56 cases involving illegal weapons in the last two months, seizing 97 firearms and more than 800 bullets. A total of 24 armed gangs were broken up and 144 criminals arrested.

Henan Bank Issues Bonds for Rural Enterprises

OW1106101092 Beijing XINHUA in English 0959 GMT 11 Jun 92

[Text] Zhengzhou, June 11 (XINHUA)—The Henan Provincial Agricultural Bank is to issue bonds worth 95 million yuan on behalf of rural enterprises in Yingnan County's Nanjie village, Shaogou village in suburban Luoyang city and Xinxiang County's Xiaoji town.

This is the first venture into bonds for Henan's rural enterprises.

The villages of Nanjie and Shaogou and Xiaoji town have a strong economic base. Nanjie village processes agricultural products and by-products worth over 100 million yuan a year.

Nanjie village also plans to issue another 50 million yuan of bonds this year to expand eight industrial projects. The bonds will carry an annual interest rate of 10.8 percent and mature in 1995.

Guan Guangfu on Chang Jiang Development Zone

HK1106062392 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 10 Jun 92

[Text] Starting from mid-February, provincial party committee Secretary Guan Guangfu led persons in charge of various provincial party committee and government departments concerned to Wuchang, Huanggang, Erzhou, Huangshi, Yichang, Jinzhou, Shashi, and some other prefectures and cities along the Chang Jiang, where they carried out investigation and study with a view to building a Chang Jiang Economic Development Belt as well as an open development zone along the Chang Jiang.

After winding up their investigation and study, which lasted more than two months, Guan Guangfu emphatically called for attaching great importance to building an open development zone, saying that the open development zone represents a new step in exploring economic work under the new situation and is one of the best ways of bringing about an economic takeoff and opening up new vistas for reform and opening up at an earlier date.

Guan Guangfu stated: Despite our limited funds, goods, and materials, we still have conditions to concentrate on building an experimental plot in an ideal place; to put more human, material, and financial resources into this experimental plot; and to build a superior and largely export-oriented economic development zone that is advanced in science and technology and capable of earning more foreign exchange and bringing about an economic takeoff.

He pointed out: Since we lack experience in the face of the new situation marked by reform and opening up, we should build an experimental zone just like an experimental agricultural plot in order to train cadres and assimilate and transplant certain useful things in the

world to this land of ours by virtue of experimentation. We must assimilate all useful things in the world, including the useful things of the capitalist countries, and try them out in our experimental zone.

He maintained: The large-scale exploitation and development will definitely make it possible for us to plan and arrange in a unified way for the supply of electricity, heat, and gas; the training of workers; cooperation among enterprises; and the building of both material and spiritual civilizations. This will in turn make it possible to build a modern economic development zone engaged in intensive operation. By calling on people to become bold in and good at opening up and carrying out exploitation, we mean that we should avoid both full-scale economic exploitation and excessive production of simple and ordinary commodities. In this sense, building a development zone signifies an exploratory effort on our part and displays our courage and resourcefulness in furthering reform and opening up.

Guan Guangfu held: Building a development zone may be a much better way of looking for a new point for economic growth. A development zone boasts modern industries as well as advanced science and technology and acts as a large entity that is capable of entering the global economic cooperation circle, participating in global competition, and rising up within a certain period of time. Thus, in my view, building a development zone is one of the best ways of bringing about an economic takeoff and looking for a point for economic growth.

He noted: Generally speaking, we are still plagued by poor economic quality. Building a development zone will enable us to set an example for the whole country, the whole province, and the whole region and raise our overall economic development level.

He added: It is far from easy to create both an excellent soft environment [ruan huanjing] and an excellent hard environment [ying huanjing] in China within a short period of time. Therefore, stepping up the building of infrastructual facilities in one place will enable us to create a fine microclimate under which to attract foreign funds and foreign businessmen. In turn, this particular place will also become known to all. The development zone is also an important window through which we can attract foreign businessmen.

He stressed: In building a development zone, we must learn experiences from both the coastal areas and various foreign countries, take account of the local conditions, emancipate the mind, seek truth from facts, and try to demonstrate local and hinterland characteristics.

Guan Guangfu said: In guiding in-depth reform, expanding opening up, and looking for another opportunity to expand economic development from the coastal areas to the areas along the Chang Jiang, we must be bold in and good at winning victories, promote omnidirectional reform, concentrate on making breakthroughs in key fields, and proceed step by step in a phased way, with specific goals, choices, and plans in mind, and with more breakthroughs. Moreover, we must attach greater importance to building a development zone and learn how to become capable of exercising leadership over economic work in the new situation and under the new circumstances of reform and opening up.

Guo Shuyan Welcomes Hubei Talent Exchange Group

HK1206091092 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 11 Jun 92

[Text] The Hubei Association for Exchanges of World Talents was set up at the Wuchang Hongshan Guesthouse on 10 May.

Governor Guo Shuyan spoke highly of this association, saying that this association will provide an important means for opening Hubei wider to the outside world so Hubei's plan to introduce talented people will be carried out in depth.

Han Hongshu, chairman of the association and vice governor, said: This association will promote exchange of talents worldwide. It is a nongovernment and nonprofit organization with corporate body status. It aims to promote exchanges and cooperation between various trades in Hubei and corresponding trades in Hong Kong, Macao, Taiwan, and other countries in the world, through exchanges of talents worldwide, thus helping Hubei promote economic construction and scientific and technological progress.

According to Wu Ya, the association's vice chairman and vice director of the provincial foreign affairs office, since setting up a leading group and an office for introducing talents from abroad in 1985, Hubei has engaged by contract 5,000 foreign experts of various types and sent 2,000 technicians and managerial staff to foreign countries to receive training, scoring enormous economic and social results.

North Region

Chen Xitong: Beijing Housing Reform Set for 1 Jul

OW1206055492 Beijing XINHUA in English 0220 GMT 12 Jun 92

[Text] Beijing, June 12 (XINHUA)—Beijing's housing reform program will start on July 1 all over the city, Mayor of Beijing Chen Xitong announced at a news conference yesterday.

Chen, also Chinese state councillor, said that the program, approved by the State Council, will be diversified and flexible in methods and implemented step by step.

He said that the program has five basic reform methods, such as establishing public housing funds, raising rents and selling public-owned houses.

He said that all units in Beijing, except for those that have special difficulties, should establish their public housing funds before the end of this year.

At the beginning, less than 10 percent of the occupant's income will be drawn to pool the fund, which, belonging to the individual himself, may be used by him to purchase and repair apartments or be given back to him after he moves out of the apartment.

Beijing will not offer subsidies to everyone, which are unlike the practice of other cities in China which have already launched housing reform.

According to the program, in 1994, the rent of housing will be gradually raised to 55 fen (about 10 cents) per square meter at a time or in two to three steps, in accordance with the specific conditions of different units. The rent now is less than 20 fen per square meter.

Those people whose living space exceeds set standards must pay at a higher rate.

Low rents for a long time have caused a heavy financial burden on the city's government. In 1987, the municipal government had to offer subsidies of 380 million yuan (70 million U.S. dollars) for housing maintenance and repair.

In addition, Beijing will set up a government and unit housing fund, sell public apartments and raise funds to construct houses to accelerate housing reform.

The housing reform is more complicated compared with other cities in China, for the Beijing municipal real estate administration manages only 16 percent of the city's apartments while different units and individuals managed other apartments.

According to regulations of the State Council, state institutions and enterprises in Beijing should conduct housing reform incorporating Beijing's scheme and their own conditions.

Program, Objectives Discussed

OW1206102292 Beijing XINHUA Domestic Service in Chinese 1430 GMT 11 Jun 92

[By RENMIN RIBAO reporter Yan Shigui (7346 0013 6311) and XINHUA reporter Pan Shantang (3382 0810 2768)]

[Text] Beijing, 11 Jun (XINHUA)—With the approval of the State Council Leading Group for Housing Reform, Beijing will implement its housing reform program beginning 1 July.

According to the Housing Reform Leading Group under the Beijing Municipal Government, the housing reform program is based on four years of research, and the program consists of these five basic forms: establishing housing funds contributed by the government and various units concerned, establishing public housing funds, selling public-owned housing units, increasing rents gradually, and raising funds for cooperative housing construction. The establishment of a public housing fund is a system under which a worker and his unit will, beginning from the day the housing reform program becomes effective and during the worker's tenure, pay the same amount of money to the fund each month, which is a percentage of the worker's gross pay, and the full amount of this public fund will belong to the worker. Retirees and workers who have already purchased their living quarters at preferential prices are not eligible to contribute to the public fund. Announcing the housing reform program at a meeting, Beijing Mayor Chen Xitong stressed that the housing reform program is primarily intended to solve people's housing problems and it will first consider the interests of the majority of people, especially those who have housing difficulties. He said that the program will not succeed if it fails to improve the living conditions of ordinary people.

It has been learned that the objectives of Beijing's housing reform program are: By the end of the Eighth Five-Year Plan, housing funds contributed by the government and units will have been established; at least five percent of public housing funds will have been accumulated; rents will have been raised enough for housing maintenance and management or, in the case of units with the resources, to levels high enough to meet housing depreciation, maintenance, and management; it will be possible for housing prices to reflect most of the cost; per capita share of living space will reach 8.6 square meters; 70 percent of living quarters built will be complete units; problems of all people whose per capita share of living space today is under three square meters will have been solved; and 30 percent of unsafe buildings will have been rebuilt. By the end of the Ninth Five-Year Plan, 10 percent of public housing funds will have been accumulated; rents will be increased to levels sufficient to reflect costs; housing prices will reflect all the costs; the per capita share of living space will reach 9.5 square meters; 80 percent of living quarters will be complete units; problems of people whose per capita share of living space is under four square meters will have been solved; and all unsafe buildings will have been rebuilt.

Jidong Oilfield To Open to Foreign Investors

OW1006093492 Beijing XINHUA in English 0911 GMT 10 Jun 92

[Text] Shijiazhuang, June 10 (XINHUA)—China will open part of the Jidong oilfield in the northern Bohai Bay to foreign investors to speed up prospecting and development.

Zhao Liusheng, a senior geologist, told XINHUA reporters that negotiations are underway with foreign oil companies.

The Jidong field is located in Tangshan and Qinhuangdao cities of north China's Hebei Province and has a prospecting area of 63,000 sq [square] km and is expected to produce about 2.8 million barrels of oil this year. It also has large gas reserves.

Zhao is optimistic about the outcome of negotiations for foreign participation in the field. The Bohai Bay has very good reserves of high quality oil and gas.

Construction has proceeded rapidly since the field first came on stream in 1988.

Hebei's Qingyuan County Arrests Armed Criminals

SK0906081492 Shijiazhuang HEBEI RIBAO in Chinese 12 Apr 92 p 1

[Text] The Qingyuan County Public Security Bureau successfully arrested a very dangerous gang of criminals with guns and arms and effectively prevented the occurrence of bloodshed.

At 1340 on 12 April, the county public security bureau received an emergency order issued by the provincial public security department. The order reads: Two small buses carrying 19 persons with guns and arms set out from Shijiazhuang and were running on the Beijing-Shenzhen Expressway to join a gun fight in Baoding City. After receiving the order, the county security bureau immediately organized security cadres and policemen and the officers and men of the armed police force stationed in the county to block all intersections in the county. At 1415, when the small buses tried to run through the Qingyuan intersection, the security cadres and policemen, like soldiers from heaven, arrested 21 persons on the spot and confiscated a single barrel shotgun, a double barrel shotgun, 31 bullets, a dagger, four choppers, a security light, and 1,600 yuan in cash. It took only three minutes to arrest this criminal gang. No bullets were fired.

The culprit in this gang is Li Tao, a jobless youth from Shijiazhuang. Li confessed that not long ago, he resold a vehicle in Baoding and did not get the money, although he demanded payment several times. This time, he attempted to go to Baoding to carry out reprisals.

Shanxi Holds Nationality, Religion Work Conference

HK1106071992 Taiyuan SHANXI RIBAO in Chinese 11 May 92 p 1

[Report by Zheng Lei (6774 7191), Qu Bo (1448 3134), and Li Jun (2621 0193): "Provincial Nationality and Religion Work Conference Held in Taiyuan"]

[Text] The three-day provincial nationality and religion work conference ended in Taiyuan on 10 May.

During the conference, Lu Zhengxi, vice chairman of the provincial Chinese People's Political Consultative Conference committee and head of the united front department of the provincial party committee, relayed the spirit of the central nationality work conference. Li Jinhua, head of the provincial religious affairs bureau, relayed the spirit of the national meeting of religious affairs bureau heads.

Deputy provincial party Secretary Lu Gongxun spoke on our province's nationality and religion work at the conference.

Guo Yuhuai, member of the Standing Committee of the provincial party committee and provincial vice governor, gave a concluding speech at the closing ceremony for the conference. He said: Regarding nationality work, first, it is necessary to further emancipate the mind, expedite the development of ethnic minorities' economy and various social undertakings, and offer comparatively preferential conditions to ethnic minorities. All policies, measures, and methods that are conducive to the development of production and to the masses eliminating poverty and that suit the conditions of ethnic minorities can be relaxed and more flexible. Moreover, following the development of the economy, governments at all levels must gradually increase funds for the development of ethnic minorities' economy and various social undertakings so as to enhance their self-developing capability. Second, it is necessary to further strengthen nationality solidarity; promote the steady development of our province's economy and society; extensively propagate and teach about the nationality concept, nationality policy, and nationality solidarity of Marxism-Leninism-Mao Zedong Thought; correctly handle problems regarding nationality relations; and continue to launch activities to commend nationality solidarity and progress. He also stressed the need to respect the customs and habits of ethnic minorities and said that this is very important as far as nationality solidarity is concerned.

Regarding religion work, he said: It is necessary to further thoroughly and correctly implement the party's policy regarding freedom of religion and strengthen, at the same time, the management of religious affairs according to law. Religious activities must be conducted within the scope allowed by the Constitution, laws, and policies. The purpose of managing religious affairs according to law is to better implement the party's policy on freedom of religion and to better guide the believing and nonbelieving masses to jointly build socialism with Chinese characteristics. It is necessary to make great efforts to gradually standardize the management of our province's religious affairs and bring it onto a legal track [fa zhi hua 3127 0455 0553].

He stressed: Party committees and governments at all levels across the province must conscientiously implement the spirit of the speeches by leading comrades of the central and provincial party committees, improve and perfect organizations for nationality and religion work of governments at all levels, and strengthen the contingent of cadres for nationality and religious work. Moreover, it is necessary to care for and support their work, and improve their working conditions where possible.

Participants in the conference included Wei Yunyu, vice chairman of the provincial people's congress; Zhao Jingfu, secretary general of the provincial government; and more than 100 comrades in charge of nationality and religion

work from various prefectures (cities) and in charge of relevant departments directly under the province.

Tianjin Bank Policies To Help Housing Reform

HK0806081692 Beijing CHINA DAILY in English 8 Jun 92 p 3

[By staff reporter Zhang Yuan: "Bank Takes Measures To Aid Reforms in Housing"]

[Text] The Tianjin Branch of the People's Construction Bank of China will introduce a package of measures to support the city's ongoing housing reforms, which aim to improve living conditions, a branch official said yesterday.

The measures cover:

—proper use of funds for housing reform;
—more loans to build housing,
—issuing bonds to raise more money for housing reform;
—providing mortgage loans;
—helping overseas investors develop Tianjin real estate businesses.

The branch is the only financial institute approved by the Tianjin municipal government to manage the funds saved by individuals specifically for building homes.

Tianjin officially announced its housing reform plan at the beginning of this year. It has followed Shanghai in carrying out an accumulation fund system designed to raise more money from the public to build more residential buildings.

Between January and May, funds deposited in the branch totalled more than 70 million yuan ($12.7 million).

Recently, the branch gave its first batch of the funds—11 million yuan ($2 million)—to Hexi District and a large State-run firm to build 87,000 square metres of housing.

In the meantime, the branch will loan about 150 million yuan ($27.3 million) to help build commercial housing in the city this year, the official said.

To get more funds, Tianjin last week issued its first batch of housing construction bonds, worth more than 600,000 yuan ($109,090). More bonds will be issued this year, the official said.

The city's goal is to increase its average living space per person from 6.7 square metres to eight by the year 2000.

To hit this target, the city must build about 2.5 million square metres of new housing each year from now until the end of the century, the official said.

Since the early 1980's, the branch has provided 41 real estate development companies in the city with 2.1 billion yuan ($381.8 million) in loans.

The money helped the city finish building 11 million square metres of commercial housing, which gave 800,000 citizens better living conditions, the official said.

The city has been encouraging overseas investors—including Taiwanese businessmen—to get involved in real estate development and rebuild old houses in the central and suburban areas. So the branch has promised to provide more funds for those investors this year.

Last year, the branch loaned 1.5 million yuan ($272,700) to a Taiwanese-funded real estate company for rebuilding a block of old houses. This helped the company carry out construction smoothly and eventually earn 1.6 million yuan ($290,900) in net profits within eight months, the official said.

Lured by this success, two more foreign-funded real estate companies have opened in Tianjin this year, the official said.

Northeast Region

Harbin Completes Preparations for Trade Fair

OW1006143392 Beijing XINHUA in English 1403 GMT 10 Jun 92

[Text] Harbin, June 10 (XINHUA)—Harbin has completed preparations for the third local economic relations and trade fair for border areas which is scheduled to begin on June 15.

Liu Gongping, secretary general of the Heilongjiang provincial government, said that some 5,000 businessmen from the Commonwealth of Independent States (CIS) and East European countries will gather in Harbin to participate in trade negotiations with some 76 Chinese trade delegations.

Liu said that 24 governmental delegations from the CIS and Eastern European countries as well as a delegation from Hong Kong and Macao will also participate in the fair.

The first fair, which was held in 1990, recorded total business volume of approximately 1.3 billion U.S. dollars while the second fair recorded transaction of near 2.4 billion U.S. dollars.

Heilongjiang Opens Border Port With Russia

SK1206063892 Harbin HEILONGJIANG RIBAO in Chinese 12 Apr 92 p 1

[Text] The Sijitun wharf of Sunwu County located on the right bank of the Heilong Jiang was recently approved as a second-class port for border trade with Russia. Thus, counties and county-level cities in Heihe prefecture have their own trading port.

The Sijitun wharf and the (Kanstandinov) Kray of Amour Oblast in Russia face each other across the

Heilong Jiang and the wharf is 54 km from the seat of Sunwu County and connected with the county by the highway. After the restoration of border trade between the two countries, the wharf has always been an important delivery route. The contact between the two sides is very convenient because in summer they are connected by steamers and in winter they can carry freight by truck on the ice. Since 1982, the state and local authorities have successively invested almost 10 million yuan in building the permanent and comprehensive wharf handling both freight and passengers and the berth handling grain, coal, timber, and petroleum. The port office has also automated its loading and unloading operations and set up all necessary facilities for storage. The annual volume of goods handled through the wharf reaches 30,000 tons.

Construction of Hulin Port Progessing

SK1206065292 Harbin HEILONGJIANG RIBAO in Chinese 16 Apr 92 p 1

[Text] Construction of the infrastructure of Hulin County's Jixiang-Russia's (Markovo) Port is in full swing. Construction of highways has already been completed, and the designing, prospecting, and drilling of the boundary bridge spanning Songacha He have also been completed. It is estimated that the pontoon bridge will be completed and open to temporary delivery of goods in July. At the end of this year, this 100-meter-long boundary bridge will be completed, and the port will be formally open.

Hulin County is located at the southeastern tip of Heilongjiang Province, and the county's Hutou town and Jixiang Port face Russia's Dalnerechensk and Lesozavodsk across Ussuri Jiang and Songacha He. With a population of more than 230,000, the opposite side of the port is a place where the goods from Khabarovsk and Maritime Kray are assembled by the Siberia Railway. Therefore, transport conditions are extremely convenient and the prospects of development bright. Approved as a first-class port by the state in 1989, Hulin County's Jixiang Port is actually 60 km from the county proper, and is connected by highway.

Heilongjiang, Russia Sign Labor Service Contract

SK1206110892 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 11 Jun 92

[Summary] The provincial (Huayuan) construction and development company signed a contract to supply construction workers with a company in the far east area of the Russian Federation a few days ago.

The contract stipulated: The Chinese side should rebuild two large-sized boilers for a power plant in the Maritime Kray. The 97-member construction group of the Chinese side will go to the Russian Federation in two groups in late June.

Heilongjiang Crop Damage Figures Reported

SK1206062992 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 11 Jun 92

[Summary] Since 4 June, the western and northern parts of Heilongjiang Province were affected by cold air from Siberia and suffered a case of serious crop freezing. It also rained in some cities and counties in the eastern part of the province. As a result, the freezing conditions affected 24 cities and counties and 20 farms. The incomplete statistics showed that 265,000 hectares of crops across the province were damaged and left 16,000 hectares of crops unharvestable.

Jilin Reports on Border Trade in Hunchun City

SK1206110492 Changchun JILIN RIBAO in Chinese 16 Apr 92 p 1

[Summary] Hunchun city in Jilin Province has been a commercial city since ancient times and it has long enjoyed its border trade history. Changlingzi, Fenshuiling, Shatuozi, and Quanhe of the city traded travel routes in the past and played a great role in linking trade relationships between China and the Soviet Union, China and Korea, and China and Japan. Since the establishment of an economic zone, the city's border trade has become increasingly brisk. The trade volume in 1991 reached 74.69 million yuan, a 252 percent increase over 1990. After the founding of the PRC, our country first opened the Shatouzi trade route to the DPRK. After successively building auxiliary facilities for the trading routes of the city, the number of people entering and exiting the city increased from 6,000 in 1985 to 39,503 in 1991. The number of various vehicles passing through the city in 1991 reached 10,424 and the volume of goods delivered through the city in the year reached 12,744 tons. In 1988, the State Council approved the establishment of Hunchun-(Kelaskino) port. After the founding of the port, Hunchun city has increased its number of Russian trading partners from one in the past to 15 at present, expanded its trading business from Khabarovsk Kray to Moscow city, and increased its category of export commodities from 15 in the past to more than 100 at present.

Liaoning 'Accelerating Infrastructure Construction'

HK0806074592 Beijing CHINA DAILY in English 8 Jun 92 p 1

[By staff reporters Zhu Yinghuang and Gao Anming: "Liaoning To Speed Up Economic Construction"]

[Text] Shenyang—Northeast China's Liaoning Province is taking new measures to speed up its opening to the outside world in a bid to rejuvenate the country's oldest heavy industrial centre, once known as "China's Ruhr."

The province's vice-governor, Zhang Rongmao, told a group of visiting journalists from Beijing that the province is accelerating infrastructure construction in its newly-established open areas, bonded zone and hi-tech

parks to make them more appealing to overseas investors, while at the same time expanding its economic and trade ties with the province's neighbouring countries and regions.

He said the Central Government has approved the establishment of a free-trade zone in the port city of Dalian on the southern tip of Liaodong Peninsula.

A free-trade zone is an area where investors are exempted from import and export duties, production taxes and industrial consolidated taxes if their products are sold outside China.

He also revealed that preparations are being made for setting up foreign bank branches in the port city. Negotiations are also under way to open up a direct shipping service between Dalian and Inchon, South Korea.

Meanwhile, the provincial government is making efforts to expand economic and trade relations with neighbouring countries and regions, particularly the new CIS republics, Japan, Democratic People's Republic of Korea and South Korea, Vietnam and other Southeast Asian countries.

"A fresh opening belt is swiftly spreading across the province," Zhang told the reporters last Saturday, adding that a new open area will run across the whole of the Liaodong Peninsula.

The vice-governor said infrastructural projects have been launched in another 10-square-kilometre area in the Dalian Economic and Technological Development District, where business companies from the United States, Japan, South Korea and Hong Kong have decided to invest in 80 industrial, commercial and storage projects in its 1.7-square-kilometre free-trade zone.

Besides, the province has raised funds of its own to set up two new economic development zones, one in Shenyang, the other in Bayaquan on the Shenyang-Dalian expressway. Local officials say that both zones have already attracted sizeable overseas investment.

Gao Zhongmao, deputy-director of the Provincial Committee of Foreign Economic Relations and Trade, said that Liaoning is moving forward to allow, for the first time, direct foreign investment in such tertiary industries as transport, finance, real estate, commerce, foreign trade and social insurance. These areas used to be considered "forbidden" for foreign direct investment.

Official statistics show the province has seen a rapid growth of foreign investment. By the end of April, the province had approved more than 3,300 contracts for using foreign investment, totalling $7.88 billion.

The province now claims to be the third-largest absorber of foreign investment in the country. So far, 1,975 foreign-invested enterprises have been set up in the province, with a total capital of $4.43 billion.

In contrast to booming foreign economic ties, Liaoning still has a "hard nut" of its own to crack.

Provincial officials admit that Liaoning has its "glorious past," being China's earliest industrial base, but it now finds itself lagging behind other coastal areas in the allout reform and opening drive.

"Liaoning has made great contributions to the country's economic construction," said Governor Yue Qifeng, "but now that China's economy is developing fast along the lines of a market-oriented economy, Liaoning is feeling a growing burden imposed by the outdated Soviet model of a centralized planned economy."

This, he said, is the major historical reason for the continuous poor economic efficiency in most of the province's State-owned industrial enterprises.

Liaoning Speeds Construction of Development Zone

OW1206092292 Beijing XINHUA in English 0807 GMT 12 Jun 92

[Text] Shenyang, June 12 (XINHUA)—A modernized industrial base has been set up in Shenyang city, capital of northeast China's Liaoning Province, after three years' construction.

By the end of March this year, the local authorities had invested more than 150 million yuan in the construction of basic facilities in first phase of the development zone which covered 4.48 square kilometers.

Statistics show the zone had set up 73 projects with a total investment of more than 2.5 billion yuan, including 73.5 million U.S. dollars in foreign capital by the end of March this year.

Among the enterprises, 55 were foreign-funded involving over 21 million U.S. dollars.

There are 23 foreign-funded enterprises in operation and output value has reached 110 million yuan.

The zone also achieved progress in land preparation and new and high-tech development. In order to further promote development, the local authorities have produced a series of measures including reforms of management and labor systems.

Killer of Naval Officer Executed in Liaoning

HK0906121092 Beijing RENMIN RIBAO in Chinese 28 May 92 p 3

[By Li Chaojun (2621 2600 0193) and Gui Gaochao (2710 7559 3390): "Liaoning Province Severely Punishes Murderers of Officer"]

[Text] Recently, Ma Dejun, a murderer who killed a naval officer in a train, was executed in Jinzhou, Liaoning.

The Liaoning Provincial High Level People's Court made the final judgment: Ma Dejun, the prime culprit in

a murder case, was found guilty of murdering naval cadre Ouyang Fang and was sentenced to death and deprived of his political rights for life; Li Donghai, an accessory criminal, was sentenced to seven years' imprisonment after being found guilty of hooliganism.

On the evening of 9 October last year, Ensign Ouyang Fang, a cadre of the Political Department of the Naval Flight College, traveled by train with his pregnant wife, Chen Xuelan, from Jinxi to Beijing. Because the train was very crowded, the Ouyang couple could only stand inside the toilet of Carriage No 9. At about 2300, when the train left Beidaihe Station, Chen Xuelan was stepped on by Zhang Zhi, who had just gotten on the train. Zhang did not apologize and even abused Chen. Ouyang Fang tried to pacify his wife and also reasoned with Zhang. However, Zhang and his accomplice Li Donghai were shamed into anger and beat up Ouyang Fang. At that moment, Ma Dejun pulled out a knife and stabbed Ouyang Fang on the left side of his chest. After that, the hooligans continued to beat up Ouyang until the victim lost consciousness. Then, they tried to flee in a hurry. Ouyang Fang was later rescued by various means, but he was too seriously injured and died in the People's Hospital of Luanxian County, Hebei Province.

Through the joint efforts of the train policemen and other passengers, Ma Dejun and Li Donghai were caught half an hour after the crime occurred (with Zhang Zhi, another culprit in the same case, still at large).

Through the cooperation of the departments concerned and the Public Security Section of the Jinzhou Railway Bureau, the criminal acts of Ma Dejun and Li Donghai were quickly verified. On 18 March 1992, the Shenyang Railway Middle Level People's Court openly tried the case in Jinzhou, and passed sentences on the two culprits. The two culprits refused to accept the sentences and filed an appeal. After the Liaoning Provincial High Level People's Court retried the case, it made the final decision to uphold the sentences.

Northwest Region

Gu Jinchi, Jia Zhijie View Scientific Work

HK1006134492 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 9 Jun 92

[Text] Provincial party committee Secretary Gu Jinchi and provincial Governor Jia Zhijie stated: The reform under way in various scientific, educational, cultural, and public health departments should be oriented to economic construction and should aim at training qualified personnel of all disciplines, providing quality services, and promoting self-improvement.

Yesterday morning, Gu Jinchi and Jia Zhijie listened to a number of tentative views and measures advanced by comrades in charge of the provincial science and technology commission, the provincial education commission, and the provincial public health department on deepening internal reform and serving economic construction, which is the main battlefield. After listening to the views and measures, Jia Zhijie said: The rural grass-roots level is lacking in qualified personnel. We must think of ways to train a group of qualified personnel of all disciplines, explore and take a road with salient local characteristics, widen avenues of income, put an end to reliance on state finance, and lighten state financial burden.

Jia Zhijie went on: We must provide government subsidies to experts who have made outstanding contributions irrespective of their seniority. The provision of government subsidies should be determined by real contributions rather than anything else.

Gansu's Jia Zhijie on Development Zone Policies

HK1006134292 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 9 Jun 92

[Text] Yesterday morning, provincial Governor Jia Zhijie announced that the provincial government has decided to implement a new management system in three high-grade and new technology development zones, namely, the Lanzhou High-Grade and New Technology Development Zone, the Jinchang High-Grade and New Technology Development Zone, and the Baiyin High-Grade and New Technology Development Zone. Under this new management system, all three high-grade and new technology development zones are to be jointly managed by both the provincial and city authorities concerned. The provincial science and technology commission is also to provide professional guidance to the three high-grade and new technology development zones. [passage indistinct]

At an on-site development zone work meeting convened yesterday afternoon, provincial Governor Jia Zhijie stated: In order to successfully build the Lanzhou High-Grade and New Technology Development Zone with regard to both scale and system, the provincial authorities have decided to build in Lanzhou a base for foreign-invested enterprises as well as a group of customs bonded factories and warehouses apart from a new technological and industrial development base. In order to expedite reform and development zone building, the provincial authorities and various counties where the development zones are located will secure 20 million yuan in investment in each and every development zone mentioned above. The provincial branch of the People's Construction Bank of China will also provide 200 million yuan in loans to all the development zones. [passage indistinct]

Moreover, the provincial authorities have also decided to allow the aforementioned development zones to implement a joint-stock system and issue bonds and negotiable securities with a view to increasing funds input in the development zones.

Gansu's 'Favorable Opportunity' in Reform Viewed

HK1106045192 Lanzhou GANSU RIBAO in Chinese 13 May 92 p 4

[Article by Liu Qingsen (0491 3237 2773) and Zhou Pusheng (0719 2528 3932): "Where Does Gansu Province's Favorable Opportunity Lie?"]

[Text] A very significant part of the spirit of Comrade Deng Xiaoping's important remarks is that we must seize the favorable opportunity to speed up our development. On the subject of further speeding up the pace of reform and opening up, the provincial CPC committee and government have also pointed out: "It is necessary to seize the opportunity, exploit our strong points, and develop ourselves as quickly as possible." It is obvious that seizing the favorable opportunity is the key to our development. During the past 40 years or so, we lost many valuable opportunities. Today, when great changes have taken place in the international situation, seizing this golden opportunity is a demand of our times, and an historical experience as well. A favorable opportunity for development runs parallel to potentials of development. A favorable opportunity means giving full play to those potentials and fully utilizing our beneficial circumstances and conditions. As far as Gansu's conditions are concerned, our strong points include abundant raw and processed materials and energy, and a greater number of large and medium-sized enterprises, in addition to our geographical advantages of bordering, in the western part, on some states of the Commonwealth of Independent States (CIS) and Mongolia. During a fairly long period of time in the past, we failed to fully exploit these strong points and turn them into economic efficiency because of various constraints. Therefore, only an opportunity which is beneficial to overcoming constraints mentioned above and exploiting our strong points in energy, raw and processed materials, and geographical position can be truly regarded as a favorable opportunity. At present, Gansu is facing four favorable opportunities:

1. Great changes have taken place in the world structure. This has provided Gansu with a good opportunity for opening up in all directions. Peace and development are the two main themes of the contemporary world. As far as the general situation of the world development is concerned, the factor of peace has occupied a predominant position. This has given us an absolutely good opportunity which enables us to concentrate our minds on economic development. In particular, drastic changes in East European countries and the disintegration of the Soviet Union have brought our province an unprecedentedly fine opportunity. Our province, a landlocked province which is far away from ports, has been turned into a forward province in the western part of our country which is opened up to the outside world. This has given our province a very good condition for opening up in all directions. Our province's development is inseparable from large-scale opening up and vigorous development of trade. At present, we have fairly favorable conditions in this regard. Because of the influence of the cold war and late reform, the economy of the CIS, Mongolia and other countries which are close to our province basically have a structure centering on heavy industry. Their heavy chemical industry, automobile industry and manufacturing industry are more developed, but their light industry and agriculture are comparatively backward. They lack light industrial products and agricultural products. They are also deficient in consumer products. Our province is comparatively abundant in agricultural products and light industrial products whose designs, colors and varieties suit the taste of the consumers of those countries. In the meantime, it is precisely our province that badly needs heavy industrial products of these countries including fertilizer, steel products, and low-priced automobiles. There is a stronger possibility for our province and those countries to help supply each other's needs economically. However, with the changes in the economic structure of the CIS, it is expected that they will considerably develop their light industry and agriculture in the future, and that their demand for consumer goods will drop. Therefore, we will lose this opportunity very soon. The important thing in seizing on the favorable opportunity lies in promptness and decisiveness. Furthermore, over the past two years, the EC has normalized its relations with China, and lifted its so-called "sanctions" against us. China has also strengthened its relations with neighboring countries. This has given our province more opportunities for opening up to the outside world in all directions. Therefore, we suggest: First, that our province fully develops its trade relations with the CIS, and vigorously opens itself up to countries on its western side. It is necessary to fully make use of our province's economic complementarity with the CIS to vigorously develop trade in all forms, and strengthen our cooperation in economy, technology, and talented personnel to truly turn our province into a forward position of opening up the western part of our country to the outside world. Second, it is necessary to build Dunhuang city into a special economic zone of Gansu Province, and provide it with preferential policies to attract foreign investment, technology, management and talented personnel. This will enable the city to become a fortified point in the western part of our country of opening up to the outside world. After the completion of the construction project of a free trade zone in Mazongshan port, the free trade zone and Dunhuang city will become two neighboring corners which will work in concert to promote economic development of Jiuquan and Hexi, and even the whole province.

Third, it is necessary to fully utilize Overseas Chinese, their relatives and family members to give play to their role in importing capital, technology and talented personnel. At present, in our province there are 50,000 returned Overseas Chinese, relatives and family members of Overseas Chinese in addition to Hong Kong, Macao and Taiwan compatriots of Gansu origin. When they were residing abroad, the majority of them belonged

to middle class. They have possessed considerable amount of capital, advanced management experiences and technology. As long as our policies are correct, they can play a very great role in this regard. While importing capital, advanced management experiences and technology, we must have a specific objective in mind, be farsighted, and take solid steps.

2. The fact that the second Euro-Asian continental bridge has opened to traffic has brought us a favorable opportunity. The opening to traffic of the bridge has luckily brought us a traffic convenience in implementing our province's strategy of "marching toward the west, pushing our way in the east, placing emphasis on the west, and promoting opening up in two directions." The opening to traffic of the second Euro-Asian continental bridge is a shortcut for linking the Asian-Pacific economic circle with the European economic circle. With the opening of the bridge to traffic, Gansu's goods exported to the former Soviet Union can be directly sent out from Alataw Shankou [mountain pass], and arrive in Europe and the Middle East through Moscow. It is convenient and time saving. Using the second bridge, the distance between Lanzhou and Moscow is about 3,000 km shorter than the first bridge. With regard to our province's trade with Western Europe and the Middle East, the transport mileage can be shortened by 900 km. This has greatly shortened the distance of Gansu's opening up to countries on its western side, and opened up a wide space for Gansu's lateral ties with various coastal zones, its strong points in mutual complements, and a high-degree and large-scale optimal reorganization of the elements of production. In addition, the state has decided to double-track the southern section of the Urumqi-Wuwei railway, build a petroleum pipeline along the Lanzhou-Lianyun Gang railway, and increase railway transport capacity by nearly 40 million tons. All this will considerably ease the pressure on Gansu's transport capacity, and create favorable conditions in terms of freight volume for the exports of Gansu's products to foreign markets and other provinces. Therefore, at present we must make use of this favorable opportunity to actively carry out coordinated projects, including production organization, and so on. It is necessary to speed up the pace of opening up our province to countries on its western side, and actively develop our cooperation with Xinjiang, the CIS states, the Middle East and Eastern Europe, so that the second Euro-Asian bridge can bring more efficiency to Gansu.

3. At present, the state's macroscopic policy is a favorable opportunity for furthering our reform and opening up. In early spring this year, Comrade Deng Xiaoping delivered important speeches, setting off an upsurge of reform and opening up throughout the country. It is appropriate to say that this is an extremely great opportunity. Because of high-speed economic growth throughout the country, the demand for our province's products, which are mainly raw and processed materials, has become strong. Many formerly unsalable products including rolled steel, cement, and others, have suddenly become products in great demand. Our province must seize on this opportunity. First of all, it is necessary for us to transform our operational mechanisms, run well state-owned large and medium-sized enterprises, tap to the greatest extent our existing production capacity, expand our newly developed capability, and keep abreast with the pace of economic development of the whole country. It is necessary to make use of the promoting effect of economic development in the eastern part of our province to fully exploit the strong points of large and medium-sized enterprises in our province. Furthermore, it is necessary for us to emancipate our minds and vigorously develop our nonpublic economic sectors. Vigorously developing nonpublic economic sectors is demanded by our provincial conditions, and an important sign showing whether we can seize on the opportunity for reform.

4. The construction of Shanghai's Pudong Development Zone has provided us with a favorable opportunity. This opportunity bears a double meaning. First, the construction of Shanghai's Pudong Development Zone itself is closely linked with our province's economy. It has a comparatively strong demand for our province's raw and processed materials, including nickel, aluminum, copper, lead, zinc, and so on. What is more important is that we must also squeeze in to share the state's preferential policies for Pudong. Second, as a result of learning from Pudong experiences, and the experience of special economic zones in particular, we face a favorable opportunity for running well those development zones in our province. Our province has established five small experimental zones, and pretty good results have been achieved in this regard. However, compared with Pudong and Shenzhen, we realize that we are not bold enough, and that our pace is slow. We must avail ourselves of the opportunity granted by the state's establishment of Pudong Special Zone to learn from its experiences. We must make use of this opportune moment to run our own "special zones" well, so that they will truly become Gansu's model special zones which will bring along economic development of the whole province.

Gansu's Lanzhou City Executes 10 Criminals

HK1106150992 Lanzhou GANSU RIBAO in Chinese 13 May 92 p 1

[By reporter Wang Xincun (3769 2450 1317): "Lanzhou City Executed 10 Criminals According to Law"]

[Text] On 19 May, Lanzhou City convened a grand public judgment meeting, and Lanzhou City Intermediate People's Court sentenced 10 criminals, including Liu Zuyun, to death in accordance with the law. Lanzhou City Public Security Bureau also announced the arrest of 35 criminals, including Zheng Xingyou, in accordance with the law.

Criminal Liu Zuyun suffered a broken romance with a young woman named Yang; thereafter, Yang fell in love

with Li, and Liu was jealous. At about 2100 on 2 February 1992, using the excuse that he had been sworn at by Li, Liu went to Li's apartment at 32 Zhongshan Road in Lanzhou with the intention of making trouble. Both sides argued, exchanged blows, and Liu grabbed a chopper to strike Li's leg, back, and neck. At that moment, Yang came in and persuaded them to stop. Yang said she would report the case to the public security bureau. Liu feared that his crime would be disclosed and a quick idea came to him: kill them all so no one could talk. He then stabbed and killed Li and Yang with the chopper and a dagger. In order to eliminate evidence, he placed some flammable materials over their bodies and set them on fire; then he left.

After the meeting, the 10 criminals, including Liu Zuyun, were escorted to the execution ground and shot.

Yin Kesheng Inspects Machinery Casting Plant

HK1006134192 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 8 Jun 92

[Excerpts] While inspecting a technical renovation project in the Qinghai Vanguard Machinery Casting Plant, provincial party committee Secretary Yin Kesheng said: Only by taking a road leading to advanced technology and better efficiency will our province's enterprises be able to open up broad vistas for further development.

The technical renovation project under way in the Qinghai Vanguard Machinery Casting Plant has been listed as an important export-oriented project in the state Eighth Five-Year Plan, involving a total investment of 31 million yuan. [passage omitted]

After listening to a report on the project, provincial party committee Secretary Yin Kesheng was very pleased. Accompanied by some leaders concerned from the provincial machinery department and various other provincial departments, Yin Kesheng paid a special visit to the newly built casting workshop. [passage omitted]

Jin Jipeng Addresses Qinghai Report Meeting

HK1106111492 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 10 Jun 92

[Text] The provincial people's government held an industrial and communications production situation report meeting yesterday morning.

Provincial Governor Jin Jipeng emphatically pointed out at the meeting: In order to achieve faster development, enterprises must orient production to the market and must enter and occupy the market.

The meeting first and foremost relayed the spirit of a relevant central document.

The provincial financial and economic affairs commission made a report on the provincial industrial and communications production situation and product marketing situation from January to May this year and put forward views and opinions on successfully pushing ahead with the provincial industrial and communications production development in future.

After listening to the report, Comrade Jin Jipeng said: The core of enterprise reform lies in orienting enterprise production to market. Only by grasping this link will we be able to deepen the ongoing enterprise reform.

Ji Jipeng pointed out: The experiences accumulated in the course of reform and opening up and the development of various coastal areas over the past 13 years have fully borne out: Only by orienting production to the market as well as entering and occupying the market will enterprises be able to score faster development. In order to encourage our province's enterprises to orient their production to the market, first, we must gradually create a favorable external environment for enterprise development. Also, the enterprises concerned must make constant efforts to step up internal reform and shift operative mechanism.

In his speech, Governor Jin also pointed out: We must conscientiously sum up the past; speed up both project building and product development; make full use of the windows Qinghai has set up in Tianjin, Shenzhen, and some other places; sell and export more Qinghai-made products to both domestic regions and foreign countries; and adopt a series of measures to tackle some glaring problems, such as obsolete fixed assets and overstocked products, to tap more latent potentialities of various existing enterprises and further strengthen enterprise development capacity. Furthermore, we must mobilize the broad masses, bring into full play all positive factors, and make redoubled efforts to turn losses into profits. This is at once a way of overcoming economic difficulties and a strategy for taking a road of development suited to local realities.

The provincial industrial and communications production situation report meeting was also attended by provincial government Secretary General Liu Guanghe; persons in charge of a total of 21 provincial units, including the provincial discipline inspection commission, the provincial financial affairs department, the provincial labor and personnel affairs department, the provincial heavy industry department, the provincial light and textile industry department, the provincial machinery department, and the provincial communications department; and persons in charge of some financial and banking departments and the Xining City people's government.

Five Criminals Executed in Qinghai's Xining

HK1206103992 Xining QINGHAI RIBAO in Chinese 13 May 92 p 1

[By reporter Ying Zi (5391 1311) and trainee Lei Xinran (7191 2450 3544): "Xining City Intermediate People's Court Holds Public Judgment Rally; Five Criminals Executed"]

[Text] To crack down hard on serious criminal offenders, maintain social stability, protect the people's life and property, and ensure the smooth progress of socialist economic construction, the Xining City Intermediate People's Court held a public judgment rally yesterday, at which five criminals were sentenced to death.

A rapist of a little girl and an intentional murderer, Wang Youhe was a staff member of the Qinghu Machine Tool Plant before his arrest. In 1965 he received reeducation through labor for two years for stealing; in 1974 he was sentenced by the Shanghai Municipal Intermediate People's Court to 10 years imprisonment for committing robbery; and, after his release in 1984, he stayed at the Qinghu Machine Tool Plant to work. On 18 July the criminal, unwilling to turn over a new leaf, raped and killed a four-year-old girl named Xu, who played at his home.

On the evening of 11 January last year, Wang Xiaozhong, who intentionally caused another bodily harm (causing a person's death), along with Ma Chuanchao (sentenced to life imprisonment), Ma Changdong (sentenced to seven years imprisonment), and Zhang Mingxin (sentenced to three years imprisonment), met with the victim, Jia Haichuan, after drinking wine. Zhang and others picked a quarrel in an attempt to stir up trouble. Wang later overtook Jia on the southern side of Chengxi District Insurance Company and stabbed him twice in the stomach with a dagger, while the others also attacked with daggers and bricks. Jia later died at the hospital despite emergency treatment.

Between April 1988 and November 1989, three thieves, namely, Yang Chunlin, Dan Jie, and Li Wanfeng, stole 14 vehicles worth over 690,000 yuan from 13 units. They sold nine cars for 180,000 yuan and squandered all the money. Together with Zhang Yuanning (sentenced to six years imprisonment) and another person, the three criminals also stole various articles, such as color television sets, cassette recorders, bicycles, car tires, and gasoline, worth 7,246 yuan.

Having committed serious crimes and caused an extremely great harm to society, the aforesaid five criminals were sentenced to death by the Xining City Intermediate People's Court in accordance with the law. They appealed but, after final adjudication by the Qinghai Provincial Higher People's Court, their appeal was turned down and the original judgment upheld.

After the judgment was pronounced, the five criminals were immediately escorted to the execution ground to be executed.

Shaanxi Spends $33.06 Million To Import Technology

HK1106111192 Xian Shaanxi People's Radio Network in Mandarin 0030 GMT 11 Jun 92

[Text] This year, our province has quickened the pace of inviting foreign funds and importing foreign technology and equipment. A new tide of provincewide economic structural readjustment is soon to arrive.

According to statistics released by the provincial economic affairs commission, our province has signed contracts worth $33.06 million to import advanced foreign technology and equipment, accounting for 92 percent of the total annual contract value of last year. It is estimated that our province will have spent some $100 million or more on importing advanced foreign technology and equipment by the end of this year, thus setting off another province-wide advanced foreign technology and equipment import upsurge since the 1984-85 period. [words indistinct]

Now, in addition to the Xian Branch of the Bank of China, the Shaanxi Provincial Branch of the Industrial and Commercial Bank of China, the Shaanxi Provincial Branch of the People's Construction Bank of China, and the Shaanxi Provincial Branch of the Agricultural Bank of China have also started foreign exchange business. These banks have actively raised and provided foreign exchange loans and raised or borrowed various types of foreign funds to assist enterprises in importing advanced foreign technology and equipment.

Shaanxi Crops Threatened by Sustained Drought

HK1106110992 Xian Shaanxi People's Radio Network in Mandarin 0030 GMT 11 Jun 92

[Text] Drought has become a serious threat to Shaanxi's autumn grain crops.

According to statistics released by the provincial drought-resistance office, more than 5 million mu of late autumn crops are now being threatened by a severe drought. More than 7 million mu of late autumn crops have not yet been planted because of the severe drought which is spreading from the southern and northern parts of Shaanxi into the central part of Shaanxi. Yulin Prefecture is bearing the brunt of the severe drought at present.

Since spring, Shaanxi has been continually suffering from a severe drought. In Shangluo prefecture, crops on nearly 1 million mu of terraced fields have been threatened by the drought, while more than 0.4 million mu of crops have already been damaged by the drought. [words indistinct]

In view of this situation, the provincial water resources department has recently issued a circular demanding that all areas concerned immediately mobilize the masses to combat drought, step up drought-resistence work, use water in a planned way, waste no time in repairing water conservancy projects and facilities, irrigate fields without delay, and strive to control and alleviate the drought situation.

Commentator's Article on Ethnic Unity's Importance

OW0906223692 Urumqi XINJIANG RIBAO in Chinese 26 May 92 p 1

["Commentator article": "Strengthening Ethnic Unity Is in the Best Interests of People of All Nationalities"]

[Text] A long time ago, Comrade Mao Zedong said: "The unification of our country, the unity of our people, and the unity of our various nationalities—these are the basic guarantees of the certain triumph of our cause." Historical development shows that unity within a country and among its various nationalities ensures smooth government functions, brings peace to the people, and fuels progress in all kinds of activity; conversely, national schisms and ethnic feuds cost a nation its sovereignty, bring disgrace to the country, and cause misery among the people. Our country is currently in a crucial period of socialist modernization. People of all nationalities in Xinjiang face the overriding task of following the guidelines of Comrade Deng Xiaoping's important speeches. They can accomplish the task by capitalizing upon opportunities, accelerating reform, opening up wider to the outside world, and expediting Xinjiang's economic development. Xinjiang is an autonomous multinational region. Further strengthening the great unity among various nationalities constitutes a precondition and an effective guarantee for achieving the above-mentioned historical task. It is in the best interests of people of all nationalities. The same is true with consolidating and developing social stability and ethnic harmony. We should be worthy of our times and should fully understand the significance of strengthening ethnic unity from the vantage point of rejuvenating Xinjiang and achieving ethnic prosperity.

It is necessary to oppose great-nation chauvinism as well as local-nationality chauvinism in order to strengthen the great unity among various nationalities. Neither type of chauvinism is favorable to ethnic unity. Both tend to hinder the development of socialist ethnic relations characterized by equality, mutual assistance, unity, cooperation, and common prosperity. Neither is right. Hence, firm action is absolutely needed for preventing and overcoming them.

During the socialist period, ethnic relations in our country essentially refer to those among the laboring people of various nationalities, while contradictions among and within various nationalities basically refer to those within the people. In our region, we should properly handle the relations between the Han nationality and other minority nationalities, the relations among minority nationalities, and the internal relations of various nationalities. We must take a prudent approach toward handling contradictions in these relations by strictly differentiating between two types of contradictions and by seeking solutions appropriate to the problems in question. We should coolly analyze contradictions among various nationalities, perform more work, patiently remonstrate with the people concerned, and move swiftly to defuse the contradictions. Individuals who refuse to be reasoned with and who deliberately create disturbances and violate the law should be dealt with according to law regardless of their nationalities. The illegal and criminal acts of individuals and a handful of people should by no means be treated as the problems of a certain nationality or as problems pertaining to ethnic relations. Cadres and CPC members of all nationalities should strictly abide by the law and observe relevant policies in handling problems regarding ethnic relations. They should set an example and work for the improvement of ethnic relations.

A firm struggle must be waged against a small number of separatists in the interest of safeguarding the unity of various nationalities and of the motherland. Separatists in Xinjiang have always engaged in activities that betray the interests of the motherland and their own nationalities in collusion with some foreign political forces. Naturally, people of all nationalities should fiercely fight against these criminals of the country and the nation. We should rely on people of all nationalities in resolutely fighting and exposing all activities of separatism and sabotage.

Unity among cadres of all nationalities, especially leading cadres, is essential for strengthening ethnic unity. CPC members and cadres of all nationalities should strive to set an example in promoting ethnic unity. They should avoid utterances and actions that are unfavorable to ethnic unity. They should do patient and meticulous work for the sake of ethnic harmony and cooperation. Unity is strength. So long as people of all nationalities raise the banner of unity, work hard, and boldly blaze new trails, they can conquer various difficulties, accelerate the pace of reform and opening up, expedite social and economic development, and promote the common prosperity of all nationalities.

The fundamental interests of all nationalities are identical. Historical development over the years has bred an intimate relationship characterized by shared destinies and interests. Let us forge greater unity and press forward together in order to realize the autonomous region's second-step strategic objective of socialist modernization.

'Concerted Efforts' on Rights Protection Urged

OW1006143492 Taipei CNA in English 0824 GMT 10 Jun 92

[Text] Taipei, June 10 (CNA)—The government and the people should make concerted efforts to protect intellectual property rights (IPR) if Taiwan wants to join the ranks of advanced countries, a ranking official said Tuesday.

Sheu Ke-sheng, deputy director of the Board of Foreign Trade, made the call upon returning from the United States where he signed an agreement with us authorities on various IPR issues.

Under the newly signed Sino-U.S. agreement, Taiwan will tighten crackdown on commercial piracy and improve IPR protection.

Sheu said the elimination of copyright piracy and trademark counterfeiting requires joint efforts of government agencies, business concerns and private citizens.

In the past, Sheu said, local people did not fully understand the importance of respecting "intangible" intellectual property rights. Reckless infringement of foreign copyrights, patents and trademarks has undermined Taiwan's international image and reputation.

The government will launch publicity campaign to educate the public to respect intellectual property rights, Sheu said. He also urged different government agencies to cooperate closely to wipe out commercial piracy here.

Russia Proposes Ties With Petroleum Company

OW1106091892 Taipei CNA in English 0804 GMT 11 Jun 92

[Text] Taipei, June 11 (CNA)—A group of officials from Lukoil, the state-run oil company of Russia, are here to seek cooperation in oil exploration and refining with the Chinese Petroleum Corp [CPC].

The Russian officials, headed by Lukoil Vice Chairman Smidt Vitaliy, visited CPC headquarters Wednesday.

Vitaliy said CPC are welcome to jointly explore crude in Russia's more than 20 oil fields, of which only eight have been developed. He said his company is also interested in cooperating with CPC in building oil refining plants.

CPC officials said CPC will probably choose the oil fields in Siberia and Sakhalin for initial cooperation.

Lukoil, reorganized in 1991, owns three oil refining complexes and four oil products processing plants. The "Kogalymneftegaz", the largest oil and gas producer under Lukoil, produces some 34 million metric tons of crude oil annually.

Council Announces Trade Surplus With Hong Kong

OW1106092392 Taipei CNA in English 0816 GMT 11 Jun 92

[Text] Taipei, June 11 (CNA)—Taiwan posted a huge US$1.2 billion trade surplus with Hong Kong in May, the Council for Economic Planning and Development (CEPD) reported Wednesday.

The sizable favorable balance in trade with the British colony far exceeded the nation's overall foreign trade surplus of US$900 million in May, the top economic planning agency noted.

In the first five months of the year, the CEPD further pointed out, aggregate trade surplus with Hong Kong took a great leap forward of 43 percent from a year before to hit US$5.23 billion, while the total foreign trade surplus for the same period was US$4.91 billion, a 35.7 percent increase.

This is the first time that Hong Kong replaced the United States as the top spot with which Taiwan registered the largest surplus among its trading partners, the CEPD stressed.

Taiwan's trade surplus with the United States amounted to US$3.06 billion from January to May, a 28.3 percent advance as compared with year-earlier levels, while imbalance in trade with Japan jumped 23.5 percent to reach US$4.44 billion.

The CEPD therefore alerted the people to the worsening trade deficits with Japan. Moreover, it said, the excessive concentration of exports on Hong Kong should alarm domestic manufacturers who have strived for export diversification in recent years.

Li's Adviser Urges Clear-Cut Mainland Policies

OW1106023092 Taipei Voice of Free China in English 0200 GMT 10 Jun 92

[From the "News and Commentary" program]

[Text] Chao Yao-tung, a national policy adviser to President Li Teng-hui on Monday urged the government, academic, and business sectors to join forces to work out clear-cut mainland policies conducive to economic development across the Taiwan Strait.

Chao issued the call at a press conference in Taipei after returning from a 26-day trip to the mainland to study the feasibility of technical exchanges and economic cooperation across the strait.

He said that economic reforms are gaining momentum in Mainland China and would not be halted in the near future. As government officials and civilians there now share the view that only through economic reform can the living standard be boosted.

Chao also noted that Mainland China have far outstripped Taiwan in the development of the aerospace,

machinery, and heavy-duty electrical industries. Therefore the government here must step up promoting hi-tech cooperation with the mainland.

Ministry Proposes Importing Mainland Technology

OW1106091692 Taipei CNA in English 0812 GMT 11 Jun 92

[Text] Taipei, June 11 (CNA)—The Ministry of Economic Affairs will soon ask the Mainland Affairs Council [MAC] to assess a proposal to allow import of technologies from Mainland China.

Vice Economics Minister Yang Shih-chien said Wednesday that the ministry has mapped out a plan to allow import of mainland technologies in order to help develop new products in Taiwan.

"We do not propose any preference or restriction," Yang said.

MAC Vice Chairman Kao Kung-lien said, however, that "the import must be selective, not across-the-board."

He suggested that only the private sector, not the state-run enterprises, be allowed to import mainland technologies.

Kao said the Economics Ministry will ask research institutes and industrial unions to evaluate the feasibility of the proposal.

Further studies are needed because "we must determine which mainland technologies are worth importing, since not all mainland technologies are superior to ours," Ma Ying-jeou, another MAC vice chairman, said.

Economists Plan Cross-Strait Technology Mission

OW1106020192 Taipei Voice of Free China in English 0200 GMT 10 Jun 92

[From the "News and Commentary" program]

[Text] Liu Tai-ying, president of the Taiwan Institute of Economic Research, will head a mission to Mainland China in August to discuss technological exchanges, protection of intellectual property rights, and nuclear cooperation.

Liu said: While disposal of nuclear waste has to do with the Taiwan Power Company, it is up to the Ministry of Economic Affairs whether Taipower officials should participate in the mission.

However, Vice Economic Minister P.K. Chiang said Tuesday that the Mainland Affairs Council should make a decision on whether personnel in state-run enterprises, like Taipower and the Chinese Petroleum Corporation, should be allowed to engage in exchanges with the mainland.

Liu Tai-ying, a renowned economist close to President Li Teng-hui, reveals the August mission to the mainland is organized by private companies. In initial stage, the mission is to review such issues as the standardization of component and part in information exchanges with regard to the information industry. Possibly also on the agenda are the protection of intellectual property rights and the disposal of nuclear waste.

It is hoped that more private companies will join forces to organize the [word indistinct] in Shanghai at a later date, Liu added.

Mainland Cardiologist Arrives for Research Project

OW1106101192 Taipei CNA in English 0808 GMT 11 Jun 92

[Text] Taipei, June 11 (CNA)—Qian Kunxi, a mainland Chinese cardiologist, arrived in Taiwan Wednesday to join a research project on artificial heart. He is the second mainland Chinese scientist to be employed here.

Qian, 48, was working in Frankfurt, Germany before coming here.

An expert on artificial heart, Qian said that the artificial heart being used in many countries weighs more than 10 kilograms, a heavy burden for the patient.

Qian has designed an artificial heart which weighs only 365 grams. The mini-device has been successfully implanted in animals, and is expected to be installed in humans soon.

Hsia Han-min, chairman of the National Science Council, said he did not expect Qian to come up with visible achievement soon because the project he is joining is big and complex.

The project, being carried out jointly by National Taiwan University Hospital and the university's Chemical Engineering Department, aims to design an assisting device for the heart.

The other mainland Chinese scientist, Guan Weiyan, is doing researches in superconductivity at National Tsing Hua University.

Pro-Independence Leader Convicted of Sedition

OW1106013392 Taipei Voice of Free China in English 0200 GMT 10 Jun 92

[From the "News and Commentary" program]

[Text] The Taiwan High Court on Monday convicted a pro-Taiwan independence leader of sedition, the first case since the government revised the sedition law, giving him a commuted sentence of five years.

Charged Chang Tsan-hung, the chairman of the World United Formosans for Independence, was found guilty of heading a seditious group, attempted manslaughter, and violating the national security law.

The government specifies in the revised sedition law that only those who use violence and coercion in attempting to overthrow the government will be prosecuted.

Chang was originally sentenced to 10 years in prison. However, his sentence was reduced that he was not charged for the other criminal activities.

Hong Kong

Government Declines Earth Summit Invitation

HK1206033292 Hong Kong SOUTH CHINA MORNING POST in English 12 Jun 92 p 1

[By Kathy Griffin]

[Text] Hong Kong will be represented by an empty chair at the Earth Summit in Rio after the Government turned down an invitation from Britain to attend.

But government spokesman, Mr Peter Randall, said yesterday that it had refused the offer out of concern that Hong Kong and Britain might not agree on issues to be discussed because their environments were so different.

"After careful consideration that since Hong Kong's perception on environmental issues could be different to that of the United Kingdom, it would not be appropriate for a Hong Kong Government representative to be part of the UK team," he said in response to written questions.

He could not explain where the two governments might differ other than to say Hong Kong and Britain had different environments.

Local officials had claimed they were not attending the historic United Nations gathering because invitations were made only to heads of state and Hong Kong was not a state.

But the Conservancy Association, which sent a non-official team to the summit, said they were told by a Foreign and Commonwealth Office (FCO) delegate, Mr Anthony Brenton, that the invitation had been extended to all British dependent territories including Hong Kong.

They also said there was an empty chair inside the summit's main conference room with Hong Kong's name on it.

Mr Randall said Britain's invitation included Hong Kong if it wished to attend, but the Government decided last October to support the Conservancy Association's visit instead. Lord Wilson sent a letter wishing them well.

China was not consulted on the decision and Mr Randall said concern about China's reaction was not a factor—even though Hong Kong was forced to withdraw from another environment conference in November 1990 after Beijing objected.

Mr Randall said the British delegates were given no special briefing or documents on Hong Kong's environment because it was felt the Conservancy Association could present the territory's case.

But Dr James Buchanan, a member of the Conservancy Association delegation who returned to Hong Kong last night, said there had never been any encouragement from the Government to send representatives to international environment conferences.

"Part of the reason is that Government does not have a strong commitment towards sustainable development," he said.

The concept of "sustainable development" means a pattern of social and economic behaviour that does not put undue strain on the environment.

And despite Britain's offer, the association, which does not have formal delegate status at Rio, was not able to secure a meeting with British delegate Mr Brenton until Wednesday [10 June] morning (Hong Kong time), a full week after the summit opened.

The meeting came after the association's members revealed on Sunday that they had had two sessions with Chinese officials but Britain had not responded to their requests for a meeting.

It was unclear where Britain and Hong Kong differ on environmental issues, but China might object to Britain making commitment's on the territory's behalf.

Ms Amy Lau of the World Wide Fund for Nature and Dr Simon Chau Siu-cheong said it was "a shame" the Government sent no one, considering Hong Kong's consumption of natural resources.

Hong Kong uses 0.2 percent of the world's energy even though it has only 0.0014 percent of the population.

Governor on Mainland's Recognition of 'Reality'

HK1206055892 Hong Kong AFP in English 0535 GMT 12 June 92

[Text] Hong Kong, June 12 (AFP)—Lord Wilson returned here Friday [12 June] morning from his last official visit to China as Hong Kong's governor, saying that Beijing recognized the "political reality" of the British colony.

Wilson, who is to hand over his post to former British Conservative Party chairman Chris Patten next month, said: "There's a realization.... that political groups are forming and that's part of the political reality here."

However, despite widespread concern here that Beijing will restrict political freedoms after 1997, the issue of democratization took a back seat to the multi-billion-dollar airport project, he said.

"We have to get ahead with the airport project," Wilson said. Questions connected with the 1995 elections "don't have to come up for detailed discussion yet. That's on the agenda but further down the road," he said.

Pro-democracy lawmakers in Hong Kong want half of the local legislature's 60 seats directly elected by 1995 and three quarters by 1999, while Beijing has insisted on lower proportions. The financing of the port and airport project has yet to win Beijing's approval.

China has accused the Hong Kong government of spending too much on the project, whose price tag now

stands at 112 billion Hong Kong dollars (14.35 billion U.S.) following an initial estimate of 98.6 billion dollars (13 billion U.S.).

Chinese Premier Li Peng and British Prime Minister John Major, who signed a memorandum of understanding on the airport last September, were expected to discuss the issue when they meet Friday in the margins of the Earth Summit in Rio de Janeiro.

Wilson spent six days in China during which he met with Li and other senior officials. He took a two-day boat ride down the Yangtze River before returning home.

Reportage on Airport Project, Funding Concerns

HK1106091892 Hong Kong SOUTH CHINA MORNING POST in English 11 Jun 92 pp 1, 2

[By Fanny Wong and Doreen Cheung]

[Text] The Government is expected to reap a massive $56.2 billion in dividends from the Airport Authority by the year 2010, according to official projections.

Officials claim the returns, compared with a total government investment of only $16.6 billion on the Chek Lap Kok airport project, prove the massive infrastructure project will operate as a "very robust business".

In a move apparently aimed at allaying China's fears about the viability of the 10 airport core projects, the Government also revealed substantial private sector investment in the scheme yesterday.

A key problem identified by the Chinese side of the Sino-British Joint Liaison Group's Airport Committee had been insufficient private sector participation.

The Principal Assistant Financial Secretary, Mr Stephen Selby, said the latest estimates put the total cost of the 10 airport core projects at $175.3 billion, including financing costs such as interest charges.

Of the total, 46 percent would be taken up by the Government, while the remainder would be paid by the private sector in the form of equity injections and loans.

For Chek Lap Kok airport alone, Mr Selby said the Government's equity injection amounted to $16.6 billion, while private sector investment, including lending and equity injections by franchises, added up to $52.4 billion.

Acting deputy secretary for economic services, Mr Bob Wilson, said: "It has been part of our plan to maximise private sector participation."

On the possibility of privatising the airport passenger terminal, Mr Wilson said that this might look attractive, but could result in the loss of an enormous amount of revenue.

Mr Wilson said the rate of return on the Government's equity injection to the Airport Authority up to the year 2040 would be about 14.6 percent.

The Provisional Airport Authority (PAA) projects that dividend payments will start in 2005 and the amount for that year is estimated to be about $6.8 billion.

The payment is forecast to go up to $10.9 billion in 2006 and drop to $8.5 billion the following year because of the cost of the second phase expansion of the airport project.

But it will pick up again with the payment of $9.8 billion to the Government in 2008 and again in 2009, and will grow to $10.4 billion by 2010, according to forecasts.

Deputy convenor of the Legislative Council's ad hoc group studying finance for the airport, Mr Samuel Wong Ping-wai, agreed that the airport was a good investment.

But members asked whether the Government had taken into account the new airports for Shenzhen and Macao and the prospect of direct flights between China and Taiwan in estimating the number of aircraft that would be using Chek Lap Kok airport.

They were told that the Government's estimate, which was lower than the British aviation authority's forecast, had been conservative.

After acknowledging that the airport would be lucrative, Mr Wong condemned the Government for yielding to pressure from China by increasing the share of private sector participation from 46 percent to 54 percent, which he believed would transfer revenue generated from the Government to the entrepreneurs.

"The Government's move has turned a piece of construction work into a political deal and raised doubts on the cost-effectiveness of the projects," he said.

A member of the ad hoc group, Mr Albert Chan Wai-yip said he was unhappy to see that the PAA had planned to repay its debt within eight years.

Such an arrangement was undesirable because it would impose a heavy financial burden on the authority which would be transferred on to the passengers, he said.

Spokesman's Remarks Viewed

HK1206034692 Hong Kong SOUTH CHINA MORNING POST in English 12 Jun 92 p 3

[By Fanny Wong]

[Text] China yesterday denied it had any plans to revise the Memorandum of Understanding (MOU) on the new airport projects amid speculation that Beijing wanted Britain to set aside more money in the reserves by 1997.

Foreign Ministry spokesman Mr Wu Jianmin said: "The MOU between the Chinese and British governments on the construction of the new airport in Hong Kong is a very good document.

"It was only just signed last September, I have not heard anything about the need to revise it."

There have been suggestions that China wants the British side to raise reserves set aside for the future Special Administrative Region government from the $25 billion [Hong Kong dollars] agreed in the airport memorandum in the light of the rising costs of the infrastructure scheme.

Speaking at the Foreign Ministry's weekly press conference yesterday, Mr Wu refused to comment on China's position on the airport, saying it was a matter for the Airport Committee under the Sino-British Joint Liaison Group to discuss.

"I know the Hong Kong media is very concerned about his question but the matter is now under discussion by the Airport Committee and it is therefore inappropriate for me to comment at this stage," he said.

While Downing Street said last night that the meeting between Prime Minister Mr John Major and Chinese Prime Minister Mr Li Peng in Rio today would touch on matters of mutual interest, Mr Wu said issues they would discuss included the further development of Sino-British relations and the strengthening of bilateral consultation and co-operation on Hong Kong issues.

The airport matter would be raised, and Mr Major is expected to impress on Mr. Li the need to get on with the projects as soon as possible to avoid any serious slippage of the plan.

It is understood informal discussions at the Airport Committee level are continuing, with at leat two sessions already held this week.

In an signed article yesterday, the left-wing TA KUNG PAO said the Chinese side had a genuine interest in getting the problem solved quickly.

But it criticised the British side for its late submission of two crucial documents, the Provisional Airport Authority's cash flow and business plans, which were essential to assess whether the airport scheme was cost-effective.

The article said that when the Hong Kong Government pressed mainland officials for a position on the airport in late April, immediately after some airport related-documents had been passed on to the Chinese side, the two crucial documents had not been available.

"It was only after the Chinese side's repeated requests that the Hong Kong Government released this basic material (to China)," the article said.

The article also revealed that on May 20, the two sides of the Airport Committee held a meeting and after a request by the British side, China agreed that the session be informal.

Notwithstanding that the session was informal, the article said, the Chinese side had officially expressed China's views on the airport financial plan.

The Chinese side had offered views of substance and was awaiting the British side's reply.

If the Chinese side's present position was to be seen as a "misunderstanding", with the hope that more "explanation" would help "clarify" the position, there was still a long way to go to solve the problem.

The article said a key problem in the financial plan was the provision of "callable equity", the extra funds to be injected, if necessary, into the future Airport Authority and the Mass Transit Railway Corporation.

'Realistic Problems' Noted

HK1206042292 Hong Kong TA KUNG PAO in Chinese 11 Jun 92 p 12

[Article by Li I-ming (2621 2496 2494): "Two Documents Which Arrived Late"]

[Text] The Hong Kong Government yesterday released the "cash flow chart" and "summary of business plans" of the new airport project. The first is directly concerned with the ability to service debts on schedule, while the second contains estimates of costs and profits. Obviously, these two documents are indispensable in assessing whether the new airport project is cost effective or not. When the Hong Kong Government pressed Chinese officials for a position on the airport in late April, after having submitted airport-related documents to them, these two important documents were not included among the papers.

It was only after repeated requests from the Chinese side that the Hong Kong Government released the two basic materials.

The other day, Zheng Guoxiong, deputy director of the XINHUA NEWS AGENCY Hong Kong branch, told reporters at a public gathering that the Chinese Government has relayed its views on the financial arrangements of the new Hong Kong airport and related engineering projects to the British side through the Airport Committee.

A day earlier, Hong Kong Governor David Wilson, who is presently visiting Beijing, confirmed to reporters: China and Britain have held a series of informal talks on the airport issue and such talks will continue. He added: "It is not important whether these talks are formal or informal. What is important is that they touch on existing problems and resolve them as soon as possible."

It will be remembered that reports earlier this month had revealed plans for a session between the Chinese and British sides of the Airport Committee. Prior to the session, Chinese and British representatives have had several meetings. Then, on 20 May, the two sides of the Airport Committee held a meeting. In response to a

British proposal, the session was considered as informal and no announcement was made before it was held, and no reporters were allowed to cover it. Nevertheless, the Chinese side formally presented its views on the question of airport financing at the session.

It was learned that having expressed its substantive views, the Chinese side is presently awaiting a response from the British side so that joint consultations can be carried out to resolve the problem. If the situation is interpreted as one side having a "misunderstanding" which, hopefully, is to be "clarified" through "explanation," then there is still a long way to go to resolve the problem.

Before leaving for Beijing, Wilson indicated that he was embarking on a farewell trip before his departure from his post and not to conduct negotiations. The financial arrangements of the airport project will have to be discussed by the Airport Committee. Indeed, the meetings conducted during his visit to Beijing over the past three days have borne out his pre-departure statement.

According to the Sino-British Memorandum of Understanding: "If, after 30 June 1997, the total amount of liabilities due do not exceed HK$5 billion, then the British Government of Hong Kong may borrow according to needs and inform the Chinese Government. For borrowings which total $5 billion and more, the proposed borrowing has to be unanimously agreed upon by the two sides before it can be carried through." The financial arrangement of the airport project as presented by the Hong Kong Government at the moment includes "probable liabilities" which obviously exceed $5 billion. Moreover, the future government of the Special Economic Zone has to assume a series of obligations. All these are realistic problems.

Legislative 'Battle' Over Local XINHUA Zone

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[By Jeremy Lau]

[Text] A legislative battle is looming over restricted zones set up outside the New China News Agency [XINHUA] in Hong Kong, where there were scuffles between demonstrators and police last Friday [5 June].

Legislative Councillor Mr. Cheung Man-kwong said yesterday that these buffer zones only served to agitate demonstrators and petitioners.

Receiving a petition yesterday from a group of 26 students and individuals, Mr Cheung said the Government should also set up a committee independent from the police to investigate the Friday clash.

About 30 police officers and seven students were injured in the early morning scuffle after Thursday's candleight vigil at Victoria Park to commemorate the June 4 massacre in Beijing three years ago.

Mr Cheung said Legco [Legislative Council] members would try to seek amendments to the Public Order Ordinance because police should not be empowered to impose restrictions on rallies and marches.

He said that the areas in front of the agency should not be cordoned off, even for reasons of security, because blocking the way to demonstrators wanting to express their opinions would only provoke them.

Mr Lau Chin-shek, who also received the petition, said there had been no commotion outside the Legco chamber after the barricades had been removed.

"Setting up restricted areas will not only waste police resources, but also create unnecessary confrontation," he said.

The students said they were unhappy that police had not explained what ordinance they were following when setting up a restricted area outside the agency.

The students also questioned whether it was necessary to maintain the restriction.

Speaking on behalf of the petitioners, the president of the student union of Hong Kong University, Mr Fong Tak-ho, said legislators should move a motion debate on the Public Order Ordinance.

But Legco member Mr Szeto Wah warned that the chamber might not pass such a motion.

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